

# Audit and Risk Management Committee Charter

## The charter

This document, to be known as the Audit and Risk Management Committee Charter (the Charter) of the Office of the Energy and Water Ombudsman Queensland (EWOQ), has been approved by the Energy and Water Ombudsman (the Ombudsman) as the accountable officer of EWOQ.

The purpose of this Charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Management Committee (the Committee) in accordance with s30 of the Financial and Performance Management Standard 2019 (the Standard).

## Authority and independence

The Committee has no executive powers unless delegated to it by the Ombudsman. The Committee is a committee of EWOQ and is directly responsible to the Ombudsman.

The Committee derives its independence from the composition of its membership. In order to discharge its responsibilities effectively and independently, the Committee needs to operate with a level of autonomy commensurate with its role and in doing so, it has the authority to:

- access EWOQ's information, records and personnel for such purpose
- request the attendance of any EWOQ employee, including executive staff and contractors, at Committee meetings
- meet with EWOQ's internal and external auditors as necessary
- seek advice from external parties as necessary
- conduct or authorise investigations into matters within its scope of responsibility.

## Role

The role of the Committee is to provide independent assurance and assistance to the Ombudsman concerning EWOQ's:

- external accountability responsibilities as prescribed in the legislation and standards listed in Appendix 1 of this Charter
- the risk, control and compliance frameworks
- the governance framework.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within EWOQ, or the reporting lines and responsibilities of either internal audit or external audit functions.

## Duties and responsibilities

The Committee is directly responsible and accountable to the Ombudsman for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the Committee must recognise the primary responsibility for EWOQ's management rests with the Ombudsman.

The Committee's duties and responsibilities are to:

### Financial statements

- Review the appropriateness of accounting policies and ensure the accounting policies adopted are relevant to EWOQ and its specific circumstances
- Review the appropriateness of significant assumptions and critical judgements made by management particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements
- Review the financial statements for compliance with prescribed accounting and other requirements
- Review, with management and the external auditors, the results of the external audit and any significant issues identified
- Exercise skepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements
- Analyse financial performance and financial position and seek explanation for significant trends or variations from budget or forecasts
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management

### Annual report

- Review the Annual Report for accuracy and completeness

### Risk management

- Review the risk management framework for identifying, monitoring and managing significant risks, including fraud
- Ensure key risks to EWOQ are clearly documented in a risk register which is regularly reviewed to ensure it remains up to date
- Review the effectiveness of EWOQ's processes for identifying and escalating risks, particularly strategic risks
- Assess and contribute to the audit planning processes relating to risks and threats to EWOQ

### Internal control

- Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control
- Review, through the internal and external audit functions, whether relevant policies and procedures are in place and up to date, including those for the management and exercise of delegations, and whether they are complied with

- Review, through the internal auditor, whether financial internal controls are operating efficiently, effectively and economically

## **Integrity Oversight and Misconduct Prevention**

- Review the EWOQ's integrity framework (including Public Interest Disclosures) and its adequacy, compliance with relevant integrity legislation, whole of government policies, principles and guidelines, and effective functioning.
- Review whether a sound and effective approach is followed in the development and implementation of the EWOQ's fraud and corruption framework, policy and procedures, and review reports on fraud to assess whether any systemic or new issues and systems are in place to detect, capture and effectively respond to fraud-related information.
- Receive and consider reports from management and provide advice and recommendations as necessary.

## **Performance management**

- Review EWOQ's compliance with the performance management and reporting requirements of the *Financial Accountability Act 2009*, the Standard and the 'Annual Report Guidelines for Queensland Government Agencies'
- Review whether performance management systems in place reflect EWOQ's role/purpose and objectives (as stated in the strategic plan)
- Identify that the performance reporting and information uses appropriate benchmarks, targets and trends analysis.

## **Internal audit**

- Review the proposed strategic internal audit plan and annual internal audit plan to ensure they cover key risks and that there is appropriate coordination with the external auditor
- Review the findings and recommendations of internal audit and the response to them by management
- Review the implementation of internal audit recommendations accepted by management

## **External audit**

- Consult with external audit on their proposed audit strategy, audit plan and audit fees for the year
- Review the findings and recommendations of external audit and the response to them by management
- Review responses provided by management to ensure they are in line with EWOQ's risk management framework
- Review the implementation of external audit recommendations accepted by management and where issues remain unresolved, ensure that satisfactory progression is being made to mitigate the risk associated with audit's findings

## Compliance

- Review the effectiveness of the system for monitoring EWOQ's compliance with relevant laws, regulations and government policies
- Review the process for communicating the Code of Conduct to EWOQ personnel and for monitoring compliance with it
- Review the findings of examinations by regulatory agencies and any auditor observations

## Reporting

- Following approval by the Chairperson, circulate minutes of Committee meetings to the Ombudsman, Committee members and invited guests as appropriate
- Submit a report annually to the Ombudsman summarizing the Committee's activities, performance and achievements for that year. An interim program of the planned activities for the coming year also is to be provided
- Submit further reports on its activities which may be requested by the Ombudsman
- Submit a summary of its activities for inclusion in EWOQ's annual report

## Human rights

- The Committee will respect, protect and promote human rights in our decisions-making and actions
- The Committee will ensure that our decisions are compatible with our human rights obligations under the *Human Rights Act 2019*

## Membership and meetings

### Membership

- Members, including the Chair, are appointed by the Ombudsman
- Membership of the Committee consists of a minimum of three (3) and a maximum of six (6)
- A minimum of two (2) members will be external to EWOQ
- At least one member will have financial expertise
- At least one member will have expertise in the industry in which EWOQ operates
- The term of appointment for external members is no more than three years and can be extended for a further term subject to the composition and skill requirements of the Committee
- External members are appointed on the basis of individual skills and experience and proxies are not permitted where an external member is unable to attend meetings. The Internal member may appoint a proxy if they are unable to attend meetings.
- Members must act independently and not as a representative of an area within an agency
- Member terms and conditions are to be disclosed in the Letter of Appointment

## **Chairperson**

- The Chairperson will be appointed by the Ombudsman
- The Chairperson will be external to EWOQ

## **Secretary**

- A secretariat function is appointed by the Ombudsman to facilitate the Committee's meetings and reporting duties and provide support to the Committee
- The Secretary will, on advice from the Chairperson, prepare and send notices of meetings and agenda and accurately record all decisions of the Committee. The Secretary is not a member of the Committee and therefore is not able to vote at meetings
- The Secretary will table all correspondence, reports and other information relevant to the Committee's activities and operations
- For matters pertaining to the Committee's role, the Secretary will liaise directly with the Chairperson

## **Meetings and attendance**

- The Committee will meet at least three (3) times in a year and the schedule of meetings will be agreed in advance
- If the Committee has a membership of three (3) a quorum will consist of two (2) members. If the Committee has a membership between four (4) and six (6) members a quorum will consist of half the membership plus one (1).
- Committee determinations, outcomes and decisions will be encouraged to be made on the basis of collective consideration and consensus
- A standing invitation to attend ordinary Committee meetings applies to the Ombudsman

## **Meeting agenda**

- The Committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks and threats
- The agenda and relevant papers will be distributed to members at least five (5) working days prior to the meetings

## **Ethical practices**

- Members are subject to the Queensland Public Service Code of Conduct
- Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the Committee. The declaration must be made on appointment to the Committee and in relation to specific agenda items at the commencement of each Committee meeting and be updated annually

## Relationships

### Internal audit

- The internal auditor will have a standing invitation to attend committee meetings for agenda items appropriate to the internal audit role
- The Chairperson will communicate with internal audit directly as necessary

### External audit

- The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management
- The external auditor will have a standing invitation to attend Committee meetings for agenda items appropriate to the external audit role
- The Chairperson will communicate directly with external audit as necessary

### Other executive management committees

The Committee shall liaise with other EWOQ committees as required, to ensure that:

- its statutory and operational responsibilities are met
- there is no material overlap between the functions and duties of the committees
- there is frank and meaningful interchange of information.

### Evaluation

- The Committee will undertake an annual self-assessment of its performance for the previous 12 months at the November meeting
- The Committee will provide a report of the annual review outcomes to the Ombudsman

### Review of the charter

- The Charter will be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities and relevant to the responsibilities of the Ombudsman
- All amendments to the Charter will be discussed and approved by the Ombudsman

## Approval of the charter

Energy and Water Ombudsman Queensland's Audit and Risk Management Committee charter is endorsed by the Chair of the Committee and approved by the Ombudsman.

*Gavin Holdway*

Gavin Holdway (Mar 15, 2023 09:49 GMT+10)

Gavin Holdway

Chair

Audit & Risk Management Committee

Date endorsed: 16 November 2022

*Jane Pires*

Jane Pires (Mar 15, 2023 16:41 GMT+10)

Jane Pires

Energy and Water Ombudsman

Date approved:

## **Appendix 1: List of applicable legislation and guidelines**

The following is a list of State and Commonwealth legislation that may impact on the role of Audit and Risk Management Committee members. The list is only a guide and other legislation and standards may apply.

### **Commonwealth legislation**

- A New Tax System (Goods and Services Tax) Act 1999
- Fringe Benefits Tax Assessment Act 1986
- Privacy Act 1988

### **State legislation**

- Acts Interpretation Act 1954
- Anti-Discrimination Act 1991
- Auditor-General Act 2009
- Crime and Corruption Act 2001
- Energy and Water Ombudsman Act 2006
- Financial Accountability Act 2009
- Financial Accountability Regulation 2019
- Financial and Performance Management Standard 2019
- Human Rights Act 2019
- Industrial Relations Act 2016
- Information Privacy Act 2009
- Public Interest Disclosure Act 2010
- Public Sector Ethics Act 1994
- Public Sector Ethics Regulation 2010
- Public Service Act 2008
- Right to Information Act 2009
- Statutory Bodies Financial Arrangements Act 1982
- Work Health and Safety Act 2011

### **Guidelines**

- Queensland Treasury, Audit Committee Guidelines: Improving Accountability and Performance 2012
- Queensland Treasury, A Guide to Risk Management June 2020
- Effectiveness of audit committees in state government entities, Report 2 2020-21, Queensland Audit Office, 8 September 2020.