

Audit and Risk Committee Charter

Charter (August 2024)

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1. Introduction

This charter is prepared in line with the requirements of section 35 of the *Financial and Performance Management Standard 2009* and establishes the internal operating parameters of the Audit and Risk Committee (the Committee) within the Department of Youth Justice (the Department).

2. Purpose

The Committee is appointed by the Director-General and plays an important role in providing independent oversight of the Department's governance, risk management, financial reporting process and internal control oversight.

In performing its duties, the Committee will maintain effective working relationships with the Director-General, management, and external and internal auditors. To perform his or her role effectively, each member must develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities and of the Department's operations and risks.

3. Authority and Independence

The Committee has no executive powers, unless delegated to it by the Director-General. The Audit and Risk Committee is a Committee and is directly responsible to the Director-General. In discharging its responsibilities, the Committee has the authority to:

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

4. Role

The role of the Committee is to provide independent assurance and assistance to the Director-General on:

- the risk, control, and compliance frameworks
- the Department's external accountability responsibilities as prescribed in the relevant legislation and standards
- the Department's integrity framework.

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

The Committee through the Chair will provide prompt and constructive feedback directly to the Director-General, particularly when issues are identified that could present a material risk or threat to the Department.

Committee members are expected to:

- act in the best interests of the Department as a whole
- apply good analytical skills, objectivity, and good judgement
- express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry
- contribute the time required to meet their responsibilities.

5. Duties and Responsibilities

The Committee is directly responsible and accountable to the Director-General for the exercise of its duties and responsibilities. In performing its duties and responsibilities, the Committee must recognise that primary responsibility for management of the Department rests with the Director-General at all times.

The Audit and Risk Committee's duties and responsibilities include the following key areas:

5.1 Financial Statements

- Review the appropriateness of accounting policies adopted by the Department and ensure the accounting policies adopted are relevant to the Department 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 appropriateness of disclosures in the financial statements and financial reporting to stakeholders.
- 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 scepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements.
- Analyse the 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.

5.2 Integrity Oversight and Misconduct Prevention

- Provide oversight, direction, and guidance on the Department's integrity framework to ensure its adequacy, compliance with relevant integrity legislation, whole of government policies, principles and guidelines, and effective functioning.
- Receive and consider reports from management, and provide advice and recommendations as necessary.

5.3 Risk Management

- Review the effectiveness of the Department's Risk Management Policy and Procedure (Risk Management Framework) to ensure that a current and appropriate risk management framework is in place to identify, manage, escalate, report, and monitor significant business risks, including fraud and material projects.
- Liaise with management to ensure there is a common understanding of the key risks to the Department. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up to date.
- Consider the impact of the Department's culture on risk management and internal control.
- Assess and contribute to the audit planning processes relating to the risks and threats to the Department.
- Review effectiveness of Department's processes for identifying and escalating risks,

particularly strategic risks.

5.4 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 Chief Finance Officer, whether the financial internal controls are operating efficiently, effectively, and economically.

5.5 Performance Management

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

5.6 Internal Audit

- Review the budget, staffing and skills of the internal audit function.
- Review and endorse the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
- Review the proposed internal audit annual plan to ensure they cover key risks and that there is appropriate co-ordination 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 and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit's findings.
- Review annually the overall state of internal controls (a high-level assessment under the professional standards issued by the Institute of Internal Auditors) within the Department and any systemic issues requiring management's attention, based on the work of Internal Audit and other assurance providers.
- Review annually the Internal Audit Charter to ensure appropriate authority, access and reporting arrangements are in place.
- Review the overall effectiveness and evaluate the performance of the internal audit function at least annually.

5.7 External Audit

- Consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year.
- Review the findings and recommendations of external audit (including from performance management systems audits) and the response to them by management.
- Review responses provided by management to ensure they are in line with the Department's

risk management framework.

- Review the implementation of external audit recommendations accepted by management.
- Ensure that there is no material overlap between the internal and external audit functions.

5.8 Compliance and Ethics

- Determine whether management has considered legal and compliance risks as part of the Department's risk assessment and management arrangements.
- Review the process in place that management has to monitor the impact of changes in key laws, regulations, internal policies, and accounting standards affecting the Department's operations.
- Review the effectiveness of the system for monitoring the Department's compliance with relevant laws, regulations, and government policies.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the Department's process for communicating the code of conduct to staff and assess the effectiveness of, and compliance with the code.

5.9 Business Continuity Management

- On an annual basis, review the established business continuity arrangements, including the completion of any testing of the plan and outcomes (if applicable).

5.10 Reporting

- Circulate minutes of the Committee meetings to the Director-General, Committee members and invited guests as appropriate.
- Circulate a summary of the minutes of the Committee meetings to the Director-General.
- Submit a summary of its activities for inclusion in the Department's Annual Report.

6. Membership

Members, including the Chair, are appointed by the Director-General.

Membership of the Committee will consist of a minimum of three and a maximum of six people (unless otherwise determined by the Director-General).

All members will be external to the department.

At least one member will have 'financial expertise' as described in the Queensland Treasury publication, Audit Committee Guidelines – Improving Accountability and Performance.

At least one member will have expertise in the industry in which the Department operates.

The Committee as a whole, will strive to have the skills and experience appropriate to the Department's activity, governance, and financial management.

New members will receive an onboarding briefing session regarding the purpose and mandate of the Committee. Member terms and conditions are to be disclosed in the Letter of Appointment.

The term of appointment is for three years and can be extended for a further term subject to the composition and skill requirements of the Committee. The maximum term is six years unless otherwise approved by the Director-General.

Proxies are not permitted if the member is unable to attend the meeting. Where the Chair is unable

to attend the meeting, the Committee shall appoint a Member to act as Chair for that specific meeting.

The Deputy Director-General Corporate Services, the Senior Executive Director Youth Detentions Operations and Reform, the External Auditor and the Head of Internal Audit will have a standing invitation to attend committee meetings.

6.1 Chair

The Chair will be external and independent to the Department.

The Chair must have demonstrated expertise within the public sector.

The Chair will possess sound communication and strong leadership skills.

The Chair will have direct access to the Director-General and meet at least annually, or as required.

6.2 Deputy Chair

In the absence of the Chair any Member can act as Deputy Chair and will preside over the meeting.

6.3 Secretary

A Secretary/secretariat will facilitate the Committee's meetings and reporting duties.

The Secretary, in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the Committee.

The Secretary will table all correspondence, reports and other information relevant to the Committee's activities and operations. These documents will be collated into Committee papers.

The Secretary is responsible for accurately transcribing all decisions of the Committee, circulating the minutes, and making any amendments that are required. Minutes must be circulated within two weeks of the meeting to the Chair, Committee Members' and Committee Attendees for review and feedback.

The Secretary will be responsible for maintaining the ARC Charter and the annual ARC Work Plan and ensure these are reviewed at least annually by the Committee.

The Secretary will provide additional administrative support as required or requested by the Chair.

6.4 Ethical Practices and Conflicts of Interest

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 (including, for the avoidance of doubt, membership of any other governance committees or groups).

Members must not publicly comment on matters pertaining to activities of the Committee other than as authorised by the Director-General.

The declaration must be made on appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting and be updated as necessary in case of any declared changes. The Secretary will keep records of the declarations of conflict of interest submitted by members.

In addition once per year, each member is required to provide a written declaration to the Director-General stating that they do not have any conflicts of interest that would preclude their participation as members of the committee.

6.5 Meetings and Attendance

The Committee will meet at least quarterly or as required by the Chair including a special meeting to review the Department's annual financial statements. The schedule of meetings will be agreed in

advance.

A quorum will consist of simple majority of members. Regular attendance is restricted to the Chair and Members plus the Secretariat support. If the Chair is temporarily unavailable or unable to undertake their duties, the Chair may nominate a Deputy Chair.

Meetings may take place either in-person, or virtually using available technology, as reasonably required by the Committee, and deemed appropriate by the Chair.

The Committee may ask management to attend and/or to present at Committee meetings on issues relevant to the Committee's duties and responsibilities as it considers necessary.

The Director-General will have a standing invitation to attend Committee meetings.

Out of session or special meetings may be convened as required. The Secretary will convene a meeting on receipt of a request by the Chair, any member, external or internal auditors.

Out of session decisions may be made by the ARC if the Chair agrees to the circulation of an out-of-session paper and will be recorded in the minutes of the next scheduled meeting.

An out-of-session decision is considered approved if approved by a quorum of members.

6.6 ARC Work Plan

The Committee will establish an annual ARC Work Plan (Appendix 1) that outlines the activities to be undertaken to achieve the Committee's function.

The ARC Work Plan will be considered at every meeting to ensure that the responsibilities of the Committee are scheduled and will be carried out.

6.7 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 working days before the meetings.

7. Relationships

7.1 Internal Audit

The Committee will act as a forum for internal audit and oversee its planning, monitoring, and reporting processes. This process will form part of the governance processes that ensure that the internal audit function operates effectively, efficiently, and economically.

7.2 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.

7.3 Other Executive Management Committees

The Committee shall liaise with other departmental governance committees and groups as required.

8. Evaluation of Committee Activities

The Committee will undertake an annual self-assessment of its performance, for the previous twelve months. A charter acquittal process will be performed by the Secretary and results will be tabled for discussion by Committee members.

Where considered appropriate, the Chair will provide each individual member with feedback on that person's contribution to the Committee's activities at least once during each member's term of office. This assessment will include a review of any training needs of the member.

9. Review of the Charter

This charter will be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives, and responsibilities.

All amendments to the charter will be approved by the Director-General.

10. Document control

Document owner's position	
Contact (phone, email)	

10.1 Version history

No.	Summary of Changes	Date of Changes Completed
1	First issue (establishment of department MoG) 18 Dec 23	31 August 2024

10.2 Document sign off

Karen Prentis
Chair
Audit and Risk Committee
Date: _____

Robert Gee
Director-General
Department of Youth Justice
Date: _____

Appendices:

Appendix 1 - ARC Work Plan