

QUEENSLAND TREASURY

Audit Committee Guidelines

Improving Accountability and Performance

October 2023

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Translating and interpreting assistance

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6 (current)	October 2023	<ul style="list-style-type: none"> Updated for Treasury action items from the Auditor General's (AG) report on <i>Effectiveness of audit committees in state government entities Report 2: 2020-21</i> and recommendation from AG's report on <i>Effectiveness of the State Penalties Enforcement Registry ICT Reform</i>. Previous resources contained in Appendices have been moved to a separate document titled the State of Queensland (Queensland Treasury) Audit Committee Toolkit [1].
5	July 2020	<ul style="list-style-type: none"> Updated for links to websites, reference material, Treasury contact details and converted to current Treasury branding. Changes to section numbers resulting from the remake of the Financial and Performance Management Standard in 2019.
4	June 2012	<ul style="list-style-type: none"> Updated for links to websites, reference material and converted to the then current Treasury branding. Appendix O: Sample Management Feedback Questionnaire has been added to the guidelines.
3	December 2009	<ul style="list-style-type: none"> Changes in legislation introduced by the Financial Accountability Act 2009 and its subordinate legislation, in particular the Financial and Performance Management Standard 2009 has been reflected. This legislation has replaced the Financial and Audit Administration Act 1977 and the Financial Management Standard 1997. There are also changes to reflect the new Auditor-General Act 2009. Removal of references to the Cost Effective Internal Control Guidelines – Underpinning Agency Performance, which have been superseded by the introduction of the Financial Accountability Handbook.
2	January 2000	<ul style="list-style-type: none"> Revision of policy.
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1. Introduction

1.1 Purpose

The purpose of these guidelines is to provide detailed and practical guidance for accountable officers, statutory bodies, audit committee members, and other personnel who are involved with audit committees.

1.2 Scope and Application

The guidelines apply to departments and statutory bodies within the Queensland public sector. Throughout the guidelines the word 'agency' refers to, depending on the context, either or both departments and statutory bodies.

While the guidelines were not written specifically for Government Owned Corporations (GOCs), they may be adopted by a GOC. A GOC is required to comply with the relevant provisions of the *Corporations Act 2001*, *Government Owned Corporations Act 1993* (and subordinate legislation) and other prescribed requirements such as *Corporate Governance Guidelines for Government Owned Corporations* issued by Queensland Treasury [2].

1.3 Compliance with Guidelines

Once an agency establishes an audit committee, section 30(3) of the *Financial and Performance Management Standard 2019* states that the accountable officer or statutory body must have regard to this document. To comply with the requirement to 'have regard to' another document, the accountable officer or statutory body must consider the contents of the document and decide if the contents apply to the agency's circumstances, and if so, apply the contents (*Financial and Performance Management Standard 2019*, section 5). Where it is determined the contents do not apply to the agency's circumstances, the decision and the rationale should be documented and endorsed by the accountable officer or statutory body.

The guidelines reflect best practice for audit committees that will assist members in carrying out their responsibilities.

1.4 Audit Committee Toolkit

Practical resources such as templates and checklists are included in the Audit Committee Toolkit [1].

The toolkit is a companion document to the guidelines. It contains example resources which can be tailored to each agency's circumstances, or where appropriate an alternative resource can be used.

1.5 References to Documents

Where references are made to various other documentation, such documents were accessible at the time of publication of the guidelines.

- State legislation can be accessed at <https://www.legislation.qld.gov.au/>.
- Commonwealth legislation can be accessed at <https://www.legislation.gov.au/>.
- Referenced Queensland Government guidance and other publications are detailed in the Appendix.
- A copy of the latest version of these guidelines can be accessed at <https://www.treasury.qld.gov.au/resource/audit-committee-guidelines-improving-accountability-performance/>

2. Establishment of an Audit Committee

2.1 Requirement to have an Audit Committee

The *Financial Accountability Act 2009* imposes significant responsibilities on accountable officers and statutory bodies, including the duty to achieve reasonable value for money by managing the agency efficiently, effectively, and economically and to establish and maintain appropriate systems of internal control and risk management (*Financial Accountability Act 2009*, section 61).

2.1.1 Departments

Section 30 of the *Financial and Performance Management Standard 2019* provides that each accountable officer of a department **must** establish an audit committee for the agency.

2.1.2 Statutory Bodies

Section 30 of the *Financial and Performance Management Standard 2019* provides that each statutory body **may** establish an audit committee for the agency.

- Many larger statutory bodies are of sufficient complexity to warrant establishing and maintaining an audit committee. The main expectation is that such a function will make a positive contribution to the efficient, effective, and economical management of the agency.
- For smaller statutory bodies, factors such as their complexity and size, the existence of an internal audit function and whether they have sufficient time to consider audit issues accurately should be part of the evaluation process in deciding whether to establish an audit committee.

It is recommended that the decision and evaluation process undertaken to determine whether to establish an audit committee be recorded and periodically reviewed to ensure it remains appropriate.

2.1.3 Good Corporate Governance

The existence of an independent audit committee is recognised internationally as an important feature of good corporate governance (Corporate Governance Principles and Recommendations, ASX Corporate Governance Council) [3]. For example, agencies use an audit committee to:

- Act as a forum for dialogue between the accountable officer or statutory body, executive management, and the internal and external auditors. The communication helps facilitate a better awareness of each party's responsibilities and provides a more efficient and coordinated audit process.
- Provide a 'no surprises' environment in an agency, particularly regarding the prompt identification of risks and threats to the agency.

Effective audit committees can influence better governance in an agency, provide insights and promote accountability, integrity, and transparency (Queensland Audit Office) [4].

If a statutory body does not establish an audit committee, it is particularly important that they disclose how their alternative approach assures the integrity of their financial statements and the independence of the external auditor, and why an audit committee is not considered appropriate [3].

2.2 Purpose of an Audit Committee

The purpose of the audit committee is to assist the accountable officer or statutory body by performing all or a combination of the following roles and responsibilities.

- Evaluating risk management processes.
- Evaluating the internal control environment.
- Providing an independent review of an agency's financial statements.
- Monitoring the effectiveness of the agency's performance management information.
- Providing oversight of an agency's internal audit function.
- Engaging with external audit and oversight of the implementation of accepted audit recommendations.
- Monitoring major projects including project assurance reports.
- Monitoring an agency's compliance with legislative and regulatory requirements.

An audit committee's roles and responsibilities will be set out in its terms of reference or charter (refer to 2.3 below) which should also document any relevant agency specific factors concerning the operations of the committee whilst ensuring that:

- The operations of the audit committee do not diminish the statutory duties and responsibilities imposed on accountable officers or statutory bodies, and
- The activities of the audit committee do not detract from the role or responsibilities of agency management, board of management, risk management committee, finance committee, ethical practice committee, or any other key governance group. For example, if an agency has a separate risk management committee, then the audit committee's role in relation to risk would need to be defined considering the scope of the work performed by the risk management committee.

Where an agency has separate groups or committees, it is recommended that they operate in an inter-related manner with open communication which will clearly establish the roles and responsibilities to be undertaken by each committee.

2.3 Audit Committee Charter

2.3.1 Requirement to have a Charter

Section 30 of the *Financial and Performance Management Standard 2019* requires that where an audit committee is established, the accountable officer or statutory body must prepare terms of reference. Throughout the guidelines the 'terms of reference' for an audit committee is referred to as the audit committee's charter.

Following approval, the audit committee's charter should be published on the agency's intranet to promote awareness of this governance mechanism within the agency. The accountable officer or statutory body might also consider making the charter publicly available on the agency's website. Agencies may need to consider the provisions of the *Right to Information Act 2009* prior to publishing the charter.

2.3.2 Rights of the Audit Committee

Contemporary practice is for the accountable officer or statutory body to authorise the audit committee to perform a range of administrative functions in the context of their general oversight role. Authorisation of these rights are to be detailed in the audit committee charter.

Right to access staff

- The committee Chair may request any employee of the agency, including a representative from internal audit, to attend a meeting and such person(s) must attend.

Right to access 'experts' or 'specialists'

- Where advice is required in relation to a matter which is being considered by the audit committee and it is considered sufficiently material to warrant the services of a specialist consultant external to the agency, the audit committee may request the accountable officer or statutory body make such expert assistance available.

Right to access information and reports

- The audit committee has the authority to access all relevant agency information and reports to enable the committee to discharge its duties. The audit committee charter may outline the authority to access information and reports and specify confidentiality and privacy requirements relating to information obtained by the committee in meeting its responsibilities.

No decision-making powers

- Audit committees are generally advisory in nature and do not have binding decision-making powers, unless these have been delegated to it in accordance with the agency's enabling legislation or other legislation.

2.3.3 Characteristics of an Effective Charter

A charter should be used to guide the behaviour and activities of an audit committee on an ongoing basis. The charter should be customised to meet the agency's own individual needs and circumstances.

A clear, well written charter should:

- Set out the objectives, roles, and responsibilities of the audit committee.
- Set out the composition, structure, and membership requirements of the audit committee.
- Set out the relationship of the audit committee with the accountable officer or statutory body, management, the internal audit function, and the external auditors.
- Include authority for the committee to conduct enquiries appropriate to fulfil committee responsibilities, together with a statement that full assistance is to be provided to the committee in the discharge of its duties and responsibilities.
- Include authority for the committee to access agency documents, records and personnel and the requirement that frank, truthful and meaningful answers be given to questions by the committee to any agency employee.
- Clearly state the committee's relationship with other governance committees including the process for sharing of information.
- Outline confidentiality and independence requirements of committee members, and their ethical and reporting responsibilities.
- Outline the processes for resignation and dismissal, ensuring that grounds for dismissal refer to the skills and code of conduct as documented in the letter of appointment.
- Outline procedures for meetings including the content of agendas.
- Outline the processes to assess the committee's performance.

A proforma audit committee charter is available in the Audit Committee Toolkit [1].

2.3.4 Review of the Charter

Accountable officers and statutory bodies should ensure that the charter is reviewed and, where necessary, updated on an annual basis.

The charter should be a 'dynamic' document that changes as the agency's circumstances change. The charter should be a practical document to assist the audit committee with their annual work plan, meeting agendas and reports. The charter should be used as a basis for the accountable officer or statutory body assessment of the committee's performance.

The Queensland Audit Office recommends [4] that the audit committee review the language and responsibilities of the charter to:

- engage key stakeholders, including the agency's accountable officer and executive leadership team, when writing their charter
- ensure it articulates the committee's responsibility to the accountable officer and statutory body
- tailor their charter so it fulfils its role in the specific context of their agency, and
- identify any unrealistic or unreasonable expectations.

3. Composition, Independence & Conflict of Interest

3.1 External and Independent Members

For the purposes of these Guidelines, the following definitions apply:

- **External Audit Committee Member (excluding Chair)** - a member who is not an employee of the agency.
- **Independent Audit Committee Member (including Chair)** - “a member who is independent of management and is not an employee of the entity [agency] or another Queensland state government entity” (Queensland Audit Office, p13 [4]).

3.1.1 External Members

To increase impartiality, objectivity and public accountability Queensland government sector entities should reduce reliance on internal officers when making appointments to their agency’s audit committee.

- Separation from the day-to-day activities of management is important to the impact the audit committee can make to good governance.
- Internal officer membership of the audit committee can blur lines of internal accountability, transparency, and open scrutiny of all activities.

The use of external audit committee members taps into a wider pool of potential candidates from within and beyond the Queensland government sector which have appropriate qualifications, knowledge, skills and experience for the role of the audit committee. Audit committees do not need to rely on internal members to understand the business and operating frameworks of the agency as this can be addressed by agency officers acting in a guest role at audit committee meetings.

External requirements of an agency audit committee

Immediate requirement

- **An agency audit committee should have a majority of external members.** This is an immediate requirement as agencies work towards meeting the short and medium-term independence requirements (refer section 3.1.2). Agencies may, at their discretion and in the context of their business, set a greater external membership target.

In the case of a statutory body, the audit committee is normally a sub-committee of the board of the statutory body, which itself is composed of independent or external appointees. Under section 30(4) of the *Financial and Performance Management Standard 2019*, the audit committee for a statutory body must include members of the statutory body or, if the statutory body has a governing body, members of the governing body. Members of the board of the statutory body are not employees of the statutory body. Consequently, appointees from the board would be independent or external members of the audit committee, however the Chair of the statutory body board should not be the Chair of the audit committee.

3.1.2 Independent Members

A best practice characteristic of effective corporate governance is the inclusion of independent members on an agency’s audit committee. “Consideration should be given to whether all or a majority of audit committee members and the Chair should be independent with respect to matters such as financial and business interests with the company and length of tenure, acknowledging that different concepts of independence may apply in different jurisdictions” (International Organization of Securities Commissions Report, p10) [5].

Agencies can project and protect a culture of independence in their audit committee composition with increased involvement of persons that are completely external to the Queensland government sector.

- Non-public sector appointments to an agency audit committee strengthens the important focus and authenticity of the audit committee's activities by demonstrating independent inclusion. Additionally, independent audit committee members offer the advantages of applying even wider insights and diverse expertise into audit committee work programs.
- Appointments to the Chair of an agency's audit committee is the most visible role to apply this level of independence and adding additional independent members to support an independent Chair would be considered best practice.

Independence requirements of an agency audit committee

Immediate requirements

- **Agencies should appoint an independent Chair.**
- **In addition to the Chair, agencies should appoint at least one other independent member of the audit committee.** Agencies may, at their discretion and in the context of their business, set a greater immediate independent membership target (e.g. majority of all members).

Short-term requirement

- **By 30 June 2025, agency audit committees should have a majority of independent members (one of which is an independent Chair), note** internal members are to be replaced in preference to external members.

Medium-term requirements

- **From 1 July 2025, agency audit committees are to have fully independent membership** – i.e. all members are not an employee of their agency or another Queensland state government entity – with implementation subject to:
 - a. sufficient suitable applicants being available who have the appropriate mix of skills and experience (refer section 4 Skills and Knowledge of Audit Committee)
 - b. existing member contracts ending, or as existing contracts rolling over so that members are replaced on a staggered basis (refer section 5 Appointment of Members), note that internal members are to be replaced in preference to external members, and
 - c. Treasury monitoring the extent of common membership across multiple audit and risk committees, and agency progress on independence requirements over the initial years of implementation i.e., 30 June 2024 to 30 June 2026.

Sourcing independent candidates

Agencies should use their standard recruitment processes for the appointment of all external audit committee members. Independent members may also be sourced from:

- the Queensland Register of Nominees to Government Boards – refer to section 5.1.2 for more details, or
- professional bodies such as the Institute of Internal Auditors (Australia), the Australian Institute of Company Directors, or the Institute of Community Directors Australia.

It is appropriate that independent members are remunerated for their role on the audit committee – refer to section 5.1.4 for more details.

3.2 Other Composition Requirements

The audit committee should be of sufficient size and have technical expertise to ensure that it is able to discharge its mandate effectively.

3.2.1 Size of Audit Committee

The ASX Corporate Governance Council [2] recommends that an audit committee should be structured so that it consists of at least three members. However, from an operational perspective a committee composition of six members, including the Chair, would be suitable for most agencies taking into consideration both the size of the audit committee work plan and potential member absences and vacancies.

- An agency audit committee should consist of at least three members, including the Chair.
- Determination of the number of members is at the discretion of the agency.
- A large, more complex agency with diverse functions (such as critical service delivery) may determine it to be appropriate for the audit committee to have more than six members to give the right balance of expertise.

3.2.2 Expertise of Audit Committee

- Agencies should appoint at least one audit committee member with suitable financial expertise.
- Whilst all audit committee members should possess financial literacy for conducting their role in the audit committee work plan, at least one committee member must have financial expertise so the audit committee is not solely reliant on advisory personnel. A financial expert would generally include a person who is a qualified accountant, who is a current member of one of the professional accounting bodies in Australia, and who has relevant financial experience in professional accounting or audit.
- Agencies should appoint at least one audit committee member with suitable expertise in the industry in which the agency operates. Industry in the context of a government agency is the primary functional role of the agency and its legislation. The level of expertise expected should be set by the accountable officer or statutory body but would generally include a person who is qualified by experience or study in the relevant functional area, and potentially is a current member of a relevant professional industry body in Australia.
- Agencies may, at their discretion and in the context of their business, use internal officers as guests to the audit committee to further contribute industry relevant expertise.
- Refer to section 4 (Skills and Knowledge of Audit Committee) for further details.

3.2.3 Diversity Requirements of an Agency Audit Committee

- The diversity of appointments to agency audit committees should, where possible, achieve a blend that reflects the Queensland community consistent with the aims of government policy – e.g. *Women on Boards* strategy target of 50% of new appointments. Characteristics including, but not limited to, age, ethnicity, disability, First Nations heritage and cultural background should be considered. If support is required, the audit committee should seek assistance from the agency's Diversity and Inclusion officer and policies.
- Agency audit committees also benefit from including, where possible, appointments that increase the range of member perspectives based on different private employment backgrounds and public sector administration knowledge.
- All agencies should contribute to broadening the pool of potential candidates for audit committee Chairs and members by seeking candidates that are not already serving on the audit committee of another agency.

3.2.4 Summary of Composition Requirements

Committee independence

Immediate

1. Independent Chair **Agencies should appoint an independent Chair** – i.e. an appointment who is not an employee of the agency or another Queensland state government entity.
2. Independent Member **In addition to the Chair, agencies should appoint at least one other independent member of the audit committee** – i.e. an appointment who is not an employee of the agency or another Queensland state government entity.
Agencies may, at their discretion and in the context of their business, set a greater immediate independent membership target (e.g. majority of all members).
3. External Majority **An agency audit committee should have a majority of external members** – i.e. a member who is not an employee of the agency. This is an immediate requirement as agencies work towards the short and medium-term independence requirements.
Agencies may, at their discretion and in the context of their business, set a greater immediate external membership target.

Short-term

4. Independent Majority **By 30 June 2025, agency audit committees should have a majority of independent members (one of which is an independent chair)** – i.e. an appointment who is not an employee of their agency or another Queensland state government entity.
Agencies may, at their discretion and in the context of their business, set a greater independent membership target (e.g. all independent members).

Medium-term

5. Fully Independent **From 1 July 2025, agency audit committees are to have fully independent membership** – i.e. all members are not an employee of their agency or another Queensland state government entity – with implementation subject to:
 - a. sufficient suitable applicants being available who have the appropriate mix of skills and experience (refer section 4 Skills and Knowledge of Audit Committee)
 - b. existing member contracts ending, or as existing contracts rolling over so that members are replaced on a staggered basis (refer section 5 Appointment of Members), note internal members are to be replaced in preference to external members, and
 - c. Treasury monitoring the extent of common membership across multiple audit and risk committees, and agency progress on independence requirements over the initial years of implementation i.e., 30 June 2024 to 30 June 2026.

Committee size and experience

6. Total membership **An agency audit committee should consist of at least three members, including the Chair.**
Agencies may, at their discretion and in the context of their business, set a larger total audit committee membership so that it can perform its duties and responsibilities (six members is considered suitable for most large agencies).

7. Financial expertise	Agencies should appoint at least one audit committee member with suitable financial expertise – i.e. a financial expert is a person who is a qualified accountant, who is a current member of one of the professional accounting bodies in Australia and who has relevant financial experience in professional accounting or audit.
8. Industry expertise	Agencies should appoint at least one audit committee member with suitable expertise in the industry in which the agency operates – i.e. an industry expert is a person who is a qualified by experience or study in the relevant functional area, and potentially is a current member of one of the professional industry bodies in Australia. <i>Agencies may, at their discretion and in the context of their business, use internal officers as guests to the audit committee to further contribute industry relevant expertise.</i>
9. Diversity	Agencies should, where possible, make appointments that increase the diversity of current and future audit committee Chairs and members – e.g. appointments consistent with community expectations and government policy.

3.2.5 Composition Report

The Chair of each audit committee is to prepare, update and provide to the accountable officer or statutory body an annual composition report that details:

- the remaining tenure of the Chair and other members
- compliance with each of the composition requirements (refer section 3.2.4 above)
- issues in achieving or maintaining compliance (e.g. member resignation), and
- recommended planned actions to address any compliance issues.

The composition report is to be prepared as of 30 June each year. Although the audit committee may recommend, in consultation with the accountable officer or statutory body, planned actions for the compliance report, each planned action is to be endorsed by the accountable officer or statutory body prior to the commencement of any recruitment processes.

Agencies can address compliance requirements by making suitable appointments at the earliest opportunity. Where agencies have chosen to adopt greater composition targets (e.g. majority independent members before 30 June 2025), the timeframe for implementation of those targets is at the discretion of the agency.

The accountable officer or statutory body may prefer the composition report to be included with the committee's year-end report (section 7.5).

A proforma annual composition report is available in the Audit Committee Toolkit [1].

3.3 Conflict of Interests, Ethics & Confidentiality

The actions of each member of the audit committee should be consistent with "Duties and Responsibilities of Board Members" detailed in Part 7 of the document *Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities* [6].

- Audit committee Chairs and other members are to be familiar with the document prior to appointment.
- Agencies are to advise the audit committee whenever a revised version of the document is available.
- Agencies can reduce potential conflict of interests at appointment – refer to section 5.1.3 for more details.

3.3.1 Managing Conflicts of Interest

The principles of conflict of interest and independence are extrinsically linked to the tenets of objectivity and integrity. Accordingly, audit committee members must not use agency information for any personal gain or benefit to their immediate family or in any manner that would be contrary to law or detrimental to the welfare and goodwill of the agency. This requirement extends to any employment an audit committee member may subsequently undertake in the private sector or in a private capacity.

The following examples highlight how conflict of interest considerations may manifest in several different forms.

- **Actual** – where an audit committee member is likely to gain a personal advantage for themselves or a relative or a friend, because of their position on the audit committee.
- **Perceived** – where it may reasonably appear to others that a member's private interests could be seen as a conflict, and that perception may create a risk for the agency's reputation, financial or information assets.
- **Potential** – where a process has been set in train that, in the future, may create a conflict of interest.

Conflicts of interest register

Conflicts of interest should be recorded so that there is transparency, accountability, and public defensibility about the interests of audit committee members. A robust system of monitoring conflicts of interest is in the best interests of members as it offers protection to members and strengthens the standing of the audit committee. It is recommended that:

- Audit committees adopt the agency register of conflicts of interest and associated processes established by the agency.
- Conflicts of interest be a standing agenda item, with the register available at each meeting and possible conflicts noted in the minutes.
- When a member is appointed to the audit committee, all relevant potential conflicts of interest be identified and documented in the register. If an agency does not have a standard disclosure form, members could use the example form available in the *Welcome Aboard* attachments [6].
- The register be updated by all members at each meeting as well as updated formally on an annual basis.

The Chair should emphasise the importance of creating a culture of disclosure to promote accountability, transparency, and public defensibility – i.e. if in doubt about whether something could be a conflict of interest, it is always best to err on the side of caution and to disclose it.

Remedial actions

The audit committee should adopt, and where necessary adapt, the agency's framework for managing actual, perceived, or potential conflicts of interest. The framework which encapsulates any relevant agency policies, guidance or procedures should provide guidance on when disclosures are expected, how they are to be made and how failures to identify conflicts will be responded to.

All audit committee members should be aware of and be able to refer to remedial actions to be undertaken in a conflict of interest event. The appropriate remedial action/s will depend on the nature of the conflict and as such the audit committee will need to determine how best to manage a conflict based on the circumstances of the situation. At a minimum, the Chair may require that the conflicted audit committee member will:

- refrain or remove themselves from participating in any discussion about related matters, and
- abstain from voting on any matter related to the conflict.

If remedial action/s are taken to manage a conflict of interest, it should be recorded in the minutes.

- In cases where the Chair is a conflicted audit committee member, the remaining members of the audit committee should document and inform the accountable officer or statutory body of a matter that required remedial action for the Chair.

- In circumstances where an audit committee member's interests are conflicted so regularly or to such an extent that it is not practical for them to continue in their role, it will be in the best interests of the agency that they resign.

3.3.2 Ethical Standards and Confidentiality

Members of the audit committee must always exercise honesty, objectivity, and probity.

- All audit committee members are expected to abide by the agency's code of conduct and external members should be provided with a copy of the agency's code of conduct.
- If new employees of the agency are required to sign off on the agency's code of conduct and/or are required to undertake training on the agency's code of conduct, then consideration should be given to external members of the audit committee also undertaking those requirements.

Confidential Information

Members must not publicly comment on matters pertaining to activities of the audit committee other than as authorised by the accountable officer or statutory body. It is essential that members understand the following

Confidential Information, in the context of an agency audit committee, means all information disclosed by or on behalf of the agency to the audit committee member in connection with the agency audit committee or created using that information, which is confidential in nature and designated as confidential, or which a reasonable person receiving the information would realise is sensitive or confidential, and all information to the extent it is derived from that information and in the case of the agency, all agency data. Confidential Information does not include any information which:

- (a) is or becomes public, except through breach of a confidentiality obligation;
- (b) the member can demonstrate was already in its possession or was independently developed by the member; or
- (c) the member receives from another person on a non-confidential basis, except through breach of a confidentiality obligation.

definition of and responsibilities towards Confidential Information as defined below (based on the Queensland Government Confidentiality, Privacy and Conflict of Interest Deed used for goods and services).

All audit committee members must:

- not disclose any Confidential Information
- use the Confidential Information only for the purpose of performing their role on the agency audit committee
- ensure that any Confidential Information in its possession or control is protected against loss or unauthorised access, use, modification or disclosure or other misuse
- not disclose the Confidential Information to any person except with the agency's prior written consent (consent is at the absolute discretion of, and subject to any conditions imposed by, the agency), and
- immediately notify the agency if they become aware:
 - that a disclosure of Confidential Information is, or may be, required by legislation
 - of a breach of this clause, or
 - of any loss, unauthorised access, use, modification, disclosure or other misuse of any Confidential Information.

Additionally, members must:

- not take or retain any material containing any Confidential Information after the end of their tenure on the audit committee, and
- immediately deliver up to the agency, at the agency's request, all material in their possession or control containing the Confidential Information.

4. Skills and Knowledge of Audit Committee

An audit committee should consist of members who have an appropriate mix of skills and experience which will enable the committee to perform all its functions effectively.

Additional related resources are available in the Audit Committee Toolkit [1].

4.1 Personal Attributes of Audit Committee Members

The desired core personal attributes of individual members include:

- An ability to think strategically, ask relevant questions, evaluate answers, and continue to probe for information until completely satisfied with the answers provided.
- The desire to always encourage openness and transparency.
- An ability to think independently, objectively and have an inquiring mind.
- Strong ethical values, including a thoughtful approach to ethical issues that might be faced.
- A sense of integrity and an ability to give direct and honest opinions.

4.2 Collective Skills of Audit Committee Members

There is not a 'one size fits all' approach for determining the collective skills required of audit committee members. The objectives, risks and service delivery requirements of the individual agency need to be considered to identify the appropriate mix of skills and experience of members. The audit committee as a whole is responsible for carrying out its activities as such the committee should not place excessive reliance on the skills of any one member.

Given the nature and responsibility of an audit committee, collectively the members would have the following key skills and experience:

- Thorough understanding of accounting and auditing standards including a high level of competency in financial reporting and analysis complex financial reports supported by relevant recognised qualifications.
- Strong leadership and stakeholder management including the ability to manage relationships with the agency's assurance providers including internal and external audit.
- A high level of understanding of governance frameworks including accountability requirements, performance management, service delivery, legislative and policy requirements.
- A high level of understanding in the application of risk management frameworks including identification, monitoring and management.
- A high level of understanding in the application of internal control principles and processes including the key elements of control effectiveness and methodologies of assessment.
- A high level of knowledge in effective project governance and management including information and communication technology (ICT) project management and emerging technology.
- A thorough understanding of the core activities of the agency and the industry and environment in which it operates including its strengths, weaknesses, opportunities, and threats.

In addition, all members should have a good working knowledge of Queensland public sector accountability.

4.3 Skill set of the Chair

Effective leadership of the audit committee is critical to its acceptance as the provider of high quality, independent advice. The Chair of the committee should:

- be fully appreciative of the role and functions of the committee and of the agency
- possess sound communication and strong leadership skills
- address issues without preconceived ideas or bias and encourage objective debate
- provide advice and assurance to the accountable officer or statutory body from an objective and independent perspective, and
- have and retain the full confidence and support of the accountable officer or statutory body.

4.4 Assessment of Skills and Experience of Audit Committee

As audit committees should align the skills and experience of their members with the needs of the agency, an assessment of the composition of the audit committee should be reviewed periodically in light of the prevailing circumstances of the agency. This will ensure that the appropriate collective skill set is maintained overtime. If any weakness or gap in skill, experience or ability is identified then the membership of the committee should be strengthened to reflect the additional or change in skills required. This gap analysis may assist the committee in its renewal and succession planning.

Any weakness or gap identified could be addressed through:

- Targeted recruitment of additional members to the current committee or upon tenure renewal.
- Inviting experts, such as legal or ICT advisors, as guests, to present to the committee when required.
- Targeted training for the audit committee or individual members to address needs during their tenure.

The review of the collective skills and experience of the audit committee would also include consideration of other factors such as the:

- Independence of the committee (i.e., the balance of external, independent, and internal members)
- Diversity of the committee such as an appropriate balance of gender, cultural and employment backgrounds.
- Culture and mix of personal attributes of members on the committee.
- Continuity of knowledge to ensure the committee is not left with a gap in the experience level of members.
- Renewal of members to ensure the committee has a fresh perspective, new ideas and objectivity.

The Audit Committee Toolkit [1] contains a simple example skills matrix to identify any gap in the required skills for the committee to perform its role effectively.

4.5 Improvement Opportunities for Audit Committee Members

It is expected that audit committee members will be highly experienced professionals within their own field of expertise and as a result will undertake professional development and education on an on-going basis.

However, agencies may provide opportunities for audit committee members to attend training to obtain new skills and/or update their existing skills so that their contribution to the audit committee is enhanced during their tenure.

- The training required will depend on the background of each member and the results of any skills and performance assessment undertaken with the member.
- Training should be targeted to assist members in fulfilling their role on the audit committee.
- The Chair should monitor the training needs of the committee members, with training to be undertaken endorsed by the Chair.

Applicable training opportunities could cover topics such as:

- developments and emerging issues in public sector corporate governance (e.g. the government adoption of Environmental, Social, and Governance (ESG) principles)
- recent financial reporting or relevant legislative updates, and
- industry specific training and updates.

If a member attends training which is related to their role as an audit committee member, the member's attendance at training should be recorded in the audit committee minutes.

5. Appointment of Members

5.1 Preparation for Appointments

5.1.1 Term of Office and Rotation of Audit Committee Members

The initial term of appointment to the committee (including the Chair) should be for not more than three years. The term of appointment can be extended for a further three years, giving a maximum total period of service of six years.

- Compliance with the audit committee composition requirements, including independence requirements, as outlined in section 3.1 must be considered prior to extending the term of appointment for existing members.
- In addition, the term should only be extended after the performance of the member has been reviewed.

“The rotation of members is an important vehicle for strengthening the independence of the committee” (Australian National Audit Office Better Practice Guide, p25) [7]. Ideally membership should be replaced on a staggered basis. The accountable officer or statutory body should consider using varied initial terms of office to enable a staggered expiration of appointment for members.

When replacing members, the accountable officer or statutory body should identify the need to introduce fresh ideas and thinking into the audit committee, while retaining some degree of core continuity and experience.

5.1.2 Queensland Register of Nominees

Independent members may be sourced from the Queensland Register of Nominees (QRON) to Government Boards, which is a confidential register of people interested in serving on government boards, committees, and statutory authorities. When a government-nominated position becomes vacant, government agencies may search the register for people with skills to suit the position. It is recommended that this resource is incorporated into an audit committee's processes to source new members.

The Department of the Premier and Cabinet monitors the register, offers training on how to use the register and can also conduct searches on behalf of agencies. For further details contact qron@premiers.qld.gov.au.

5.1.3 Conflicts of Interest

Agencies can minimise actual or perceived conflict of interest in the appointment of external audit committee members, by adopting practices [8] that a proposed external member has not:

- been recently employed in a senior management role in the agency (or any closely associated agency – including those from past machinery of government changes)
- been recently employed or has current employment within the Queensland government sector in a role that can exert direct and significant influence over a service provider to the agency
- recently performed or currently performs any services including advisory roles, for another agency which directly affects the subject matter of the audit committee of the appointing agency (which may also include matters of any separate risk committee of the appointing agency)
- any immediate family members or close family members who are employed in a senior management role of the agency or an associated agency or is employed in any other role which can exert direct and significant influence over the subject matter of the audit committee of the appointing agency (which may also include matters of any separate risk committee of the appointing agency).

The length of time for recent employment or recent performance of service of potential members may vary across agencies; however, a best practice recommendation is a minimum of three years [8].

5.1.4 Remuneration (External Non-public Sector Members only)

No sitting fees are to be paid to public sector members of an audit committee.

The amount of remuneration paid to independent (external non-public sector) audit committee members is determined at the discretion of the accountable officer or statutory body. It is considered appropriate that the remuneration paid would reflect the prevailing rate for services provided by public sector board or committee members.

Reference should be made to the policy document titled *Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies* [9], which outlines the current market rate for services provided by board or committee members.

5.1.5 Professional Indemnity Insurance

A public service employee who undertakes the role of an audit committee member as part of their duties and functions is entitled to protection from the State in relation to any legal proceedings taken against them. The Government policy titled *Queensland Government Indemnity Guideline* [10] sets out the circumstances in which all public service employees will be provided with an indemnity. This policy does not apply to external non-public sector members.

Whether an external non-public sector audit committee member should be covered by professional indemnity insurance is a policy issue for individual agencies to consider on a case by case basis.

If an agency determines that professional indemnity insurance is required, then either the external non-public sector audit committee member can obtain their own insurance, or the department can consider obtaining it on their behalf. This is a policy issue for individual agencies to consider.

In some cases, an external non-public sector audit committee member may be covered by an employer's professional indemnity insurance policy or by their own insurance, though this will need to be ascertained having regard to the terms of any relevant policy of insurance.

5.2 Appointment Process

Audit committee members, including the Chair, should be appointed by the accountable officer or statutory body. Prior to appointment, agencies should have considered and addressed:

- the composition requirements as outlined in section 3
- the skillset of the existing members of the audit committee and the results of any gap analysis performed to determine the optimum diversity of the audit committee, and
- when appointing a Chair, the skills required of the Chair as outlined in section 4.3.

Letter of appointment

The appointment of an audit committee member (including the Chair) should be formalised in an official letter of appointment signed by the accountable officer of the department, or Chair of the Board of the statutory body. The letter of appointment should set out the terms and conditions of appointment and could include details for such items as:

- duration/tenure of appointment
- role of audit committee – also refer to audit committee charter (a copy to be supplied)
- committee members
- timing and location of meetings – also time commitments, any virtual attendance requirements
- induction and training process and details if known at time of appointment

- remuneration, reimbursement of costs (if applicable)
- conflicts of interest – copy/details of agency’s conflict of interest policy and disclosure requirements
- privacy – copy/details of the agency’s privacy policy and the member’s legislative obligation
- confidentiality obligations – include confidentiality agreement for member to sign
- details of performance appraisal processes, and
- termination and resignation processes.

An example letter of appointment and example confidentiality acknowledgement are available in the Audit Committee Toolkit [1].

5.3 Induction of Audit Committee Members

“There should be a formal induction process for new committee members tailored to their individual needs” (Australian National Audit Office Better Practice Guide, p24) [7]. New members of the committee should be provided with a suitable ‘walkthrough’ of the activities of the agency to enable them to gain an understanding of its principal operations and activities, corporate practices, and culture.

The content of the induction process will vary depending upon whether the new member is:

- internal to the agency
- external to the agency but employed in the Queensland public sector, or
- independent from the Queensland public sector.

The Chair is responsible for developing and maintaining an induction plan for new members and ensuring that each new member receives the appropriate level of induction. The Chair may delegate that the induction be performed by another audit committee member or the audit committee secretariat.

An induction plan could include the following:

- a briefing by the accountable officer or Chair of the statutory body and Chair of the audit committee
- an opportunity to meet other committee members and relevant third parties, such as internal and external audit, and
- access to all relevant documents to facilitate gaining an understanding of the work of the audit committee.

Members who are external to the agency and external to the public sector should be given the opportunity to undertake additional areas of induction, including training (which could be online) on the agency’s key business processes.

Members who are external to the public sector should be given the opportunity to attend courses on government process and reporting. For example, attendance at the public sector seminars offered by the Queensland Parliament - www.parliament.qld.gov.au/Visit-and-learn/Education.

When the induction has been successfully completed by the new member, it should be recorded in the audit committee minutes.

Access to relevant information

All new members should be given a copy of, or access to, all relevant documents including (but not limited to):

- all key legislation
- code of conduct – see section 3.3.2
- audit committee guidelines, audit committee charter, recent audit committee minutes and reports
- risk management guidelines and the agency’s risk register

- agency strategic and operational plans
- internal audit charter, annual work plan and current internal audit report and details of any outstanding audit recommendations
- current external audit report and details of any outstanding audit recommendations, and
- agency related acronyms.

Induction for new Chair

The accountable officer or statutory body is responsible for ensuring that the new Chair receives an appropriate level of induction as described above.

An outgoing Chair of an audit committee should ensure that the new Chair is sufficiently briefed to assume the role of Chair. In particular, the outgoing Chair should ensure that the handover includes a briefing on any significant outstanding matters and any major emerging risks facing the agency.

5.4 Exit Procedures

When an audit committee member ceases their tenure, for any reason, agencies should use their internal policy and procedures for the discharge of employees. The Chair of the audit committee (or the accountable officer or statutory body in cases where the exiting member is the Chair) should ensure Confidential Information in the possession of the exiting member is returned to the agency. It is recommended that an exit interview is given to all members.

5.4.1 Resignation Process for Committee Members

A committee member should give sufficient notice prior to resignation. The relevant notice period required should be included in the appointment letter.

The committee member should have the opportunity to have an exit meeting with the Chair to discuss the reason for leaving and to provide feedback on their experience on the audit committee as well as any other issues.

The date of resignation should be recorded in the audit committee minutes.

5.4.2 Dismissal Process for Committee Members

A committee member can be dismissed by the accountable officer or the statutory body under certain circumstances. The accountable officer or the statutory body may seek the advice of the Chair of the audit committee when dismissing other members of the committee. Reasons for dismissal would normally be detailed in the letter of appointment, such as:

- where an on-going conflict of interest exists
- where there has been a breach of confidentiality, or
- where a member has not performed to expectations.

The dismissal of a member should be performed verbally by the accountable officer or statutory body as well as in writing. The dismissal should be effective immediately. The date of dismissal should be recorded in the audit committee minutes.

6. Roles of the Audit Committee

The audit committee plays a key role with respect to the integrity of the agency's financial information, its system of internal controls, and the legal and ethical conduct of management and employees.

An audit committee's responsibility will vary depending upon:

- the agency's complexity, size, and requirements
- the agency's maturity, strengths, and weaknesses
- the risks affecting the agency, and
- the current environment in which the agency operates.

As the audit committee has limited time and available resources it must align its role to the areas where it can add value to the accountable officer or statutory body. The audit committee will need to understand the agency's strategic objectives, core business and the maturity of the agency's governance, risk, and control frameworks so it can determine where to focus its attention.

"Effective audit committees understand how best to use their time, experience, and available resources, including specialist support. This helps them to define their role and maximise their value to the entity" (Queensland Audit Office Report 2:2021-21, p6) [4].

Depending upon circumstances affecting an agency, the role undertaken by an audit committee may encompass the following areas:

1. Evaluating whether processes are in place to address key roles and responsibilities in relation to risk management including monitoring and assessing the agency's risk appetite and mitigation strategies, and management reporting on new and emerging risks.
2. Evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control are of a high standard and functioning as intended.
3. Performing an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
4. Monitoring the effectiveness of an agency's performance information and compliance with the performance management framework and performance reporting requirements.
5. Evaluating the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.
6. Engaging with external audit and assessing the adequacy of management response to issues identified by audit.
7. Monitoring major projects such as ICT and other projects including reviewing relevant project assurance reports and reporting any significant concerns to the agency's executive leadership team.
8. Reviewing the effectiveness of how the agency monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

The accountable officer or statutory body should ensure that the audit committee has capacity to undertake its responsibilities effectively and efficiently.

Example checklists and additional resources to assist the audit committee in performing these roles are available in the Audit Committee Toolkit [1].

6.1 Risk Management

Accountable officers and statutory bodies are required by the *Financial Accountability Act 2009* to establish and maintain appropriate risk management systems.

The *Financial and Performance Management Standard 2019* requires each accountable officer and statutory body to manage the strategic and operational risks of the agency. The risk management system must provide for mitigating the risk to the agency and the State from unacceptable costs or losses associated with the operations of the agency and managing the risks that may affect the ability of the agency to continue to provide government services (*Financial and Performance Management Standard 2019*, section 23).

It is expected that an agency's risk management system will identify strategic, operational, and financial risks (including fraud), and assign responsibility to appropriate areas within the agency.

The audit committee's role in relation to risk is to support the accountable officer or statutory body. The approach taken by the audit committee will depend upon the circumstances in each agency. The audit committee's role and scope in relation to risk management will differ depending upon whether the agency has:

- separate risk management and audit committees
- an audit committee only and has not established a risk management committee, or
- a combined risk management and audit committee.

Where the role of the audit committee includes any risk assessment responsibility, the audit committee should consider both whole-of-government and agency level risk.

Whole-of-government level

At a whole-of-government level, a risk management framework needs to exist which supports the regular identification and review of risks at the agency, portfolio, and State levels. This system ensures that risks at each level are identified, assessed, and reported regularly to Cabinet and informs the development of Government priorities.

The audit committee should oversight and review the agency's framework for identification and escalation of strategic risks to Cabinet as part of its evaluation of the risk management framework. This would assist in providing assurance of the framework's efficiency and relevance through linking with the agency's planning processes.

Agency level

The types of risks that audit committees are often required to monitor and receive reports from management on include:

- Fraud-related risks including theft, embezzlement, false claims, contract and procurement fraud, kickbacks.
- Risks of non-compliance with key laws and regulations including whistle blower and ethical conduct.
- Risks associated with the breakdown in key internal controls in processes such as financial reporting and financial management
- Review of business continuity planning and disaster preparedness.

In all circumstances, the extent and nature of the audit committee's role in relation to risk should be clearly documented in the audit committee's charter.

6.1.1 Separate Risk Management and Audit Committees

A separate risk management committee can ensure sufficient expertise and time is dedicated to developing strategies and identifying and managing risks. Where a separate risk management committee exists, it is essential that there is a formal process for sharing of information and/or for regular reporting to the audit committee.

Even where a separate risk management committee exists, it may be possible that some of the financial risks may still be delegated to the audit committee.

If the agency has both a risk management committee and an audit committee, it is considered appropriate that as a minimum, the audit committee would consider the following as part of its risk assessment process:

- Ensure risks are owned by senior managers and these risks are considered as part of the agency's planning and reporting cycle.
- Be involved in the regular review of the agency's risk register. The audit committee should be satisfied that procedures are in place to ensure the risk register is of a high quality. The audit committee should use the risk register as a base only, as the audit committee needs to make its own risk assessment. This could result in the audit committee focusing on risk issues in addition to those considered by the risk management committee.
- Request a statement from management as to whether their control framework is operating satisfactorily.
- Ensure that risk identification and linked audit activities are addressed in the development and review of internal audit plans and discussions on external audit strategies.

6.1.2 Audit Committee Only – No Risk Management Committee Exists

Section 23(3) of the *Financial and Performance Management Standard 2019* provides that the accountable officer or statutory body may establish a risk management committee.

Even though an agency may decide not to establish a risk management committee, the duties, and responsibilities of overseeing the risk management function still need to be performed. Each agency may undertake a different approach to the overview of risk management. For instance, the role could be undertaken by an executive management group. In the situation where the role of the overview of the risk management function is not being undertaken by a specific group or committee then, by default, the audit committee would need to incorporate risk management as part of its responsibilities.

The audit committee would review management's process for assessing the risks of the agency and the ranking of those risks in order of priority. The audit committee would assess whether management has processes in place to select the high risk areas to be evaluated, reviewed or investigated.

6.1.3 A Combined Risk Management and Audit Committee

In some agencies it may be appropriate that the risk management and audit committees be combined. The combined committee would have to evaluate the appropriate time to be allocated to each of its roles and responsibilities.

Depending upon the circumstances within the agency, the oversight of the agency's risk management activities and procedures would be one of the key responsibilities of the combined risk management and audit committee. The combined committee would need to determine the level of focus and priority to be allocated to risk management whilst also fulfilling its other duties and responsibilities. This decision can only be made based on the specific circumstances affecting the agency.

Overall, the combined risk management and audit committee would need to consider risk management at the whole-of-government and agency level as outlined in section 6.1.2 above (i.e. when an audit committee only exists and no risk management committee has been established).

6.1.4 Other Focus Areas

Fraud risk

The audit committee should be aware of the fraud risks faced by the agency and be satisfied that management has developed controls, policies and plans over fraud prevention, detection, and management. The audit committee

should have oversight of the agency's fraud and corruption control plan and receive a briefing from management on any fraud that has occurred during the year.

Emerging risks

The audit committee should be aware of possible emerging risks that could impact on the agency and be satisfied that management has processes in place to identify and mitigate emerging risks. Emerging risks could include climate change, cyber security, energy risks, pandemic risks. The audit committee would receive briefing and analysis from management on new or emerging risks and trends. This would also include oversight of the agency's Business Continuity Management including planning and disaster preparedness processes and testing.

6.2 Internal Controls

A key task of the audit committee is to obtain assurance that agency systems of internal control are of a high standard and that they are cost-effective and functioning as intended. The audit committee does this through its review of the agency's internal control framework, the findings of internal and external audit and the consideration of management responses to those findings. To do this effectively, committee members need to have a clear understanding of the meaning of internal control and the principles and practices relating to it.

The following may assist audit committee members in their duty to determine whether internal controls are operating effectively:

- Management should develop an 'assurance map' for the audit committee. An assurance map is a one-page document that identifies the key risk areas, the controls over the key risk areas and who is responsible for them.
- Assurance providers should report to the audit committee that controls are in place, are effective and are being monitored for each key risk area. Assurance providers include internal audit and staff responsible for each critical risk area.
- The audit committee should review the internal audit plan and the external audit plan. These audit plans would also identify key risk areas. If control issues are identified, the audit committee should look for validation that new controls are now in place or that the lack of control has been rectified.
- In departments, the chief finance officer is required, under section 77 of the *Financial Accountability Act 2009*, to provide the accountable officer a statement about whether the financial internal controls of the department are operating efficiently, effectively, and economically. While the chief finance officer is not required to provide a copy of the statement to the audit committee, it may be beneficial for this to occur. The chief finance officer may find feedback from the audit committee beneficial, and conversely the audit committee may gain a better understanding of the department, its processes, and risks.
- Where applicable, the audit committee could review an agency's issues register which includes details on issues identified, including the internal control issues identified by internal and/or external audit. The audit committee could review the issues register and look at the status or progress of the issues identified. For example, the register would state if an issue has been resolved or unresolved. The audit committee could request management and internal or external audit to attend the audit committee meeting to advise on the status of the issue if it remained unresolved for an extended period, if there were repeated breaches of a particular control, or if any dispute or disagreement exists between internal or external audit and management.

6.3 Financial Reporting

An audit committee would be involved throughout the financial reporting process. The audit committee provides an independent review of the agency's external reporting prior to final 'sign-off' by the accountable officer or the Chair of the statutory body. If any technical or operational issues arise in relation to the finalisation of financial reports, the committee can act as a useful forum for resolution or reviewing and making recommendations on the various options and views.

Given the audit committee's role in providing independent review of the agency's financial statements, it is crucial that audit committee members have a sound understanding of the agency's financial reporting requirements and the significant policies and principles that underpin these reports.

Management should present a 'financial reporting project plan' to the audit committee on an annual basis. The project plan should be presented to the committee as early as possible in the reporting period to which it relates. The project plan should include the financial reporting year end process and timing, the staffing and qualifications/experience of staff assigned to the major processes, audit details, and any audit adjustments made.

This process allows the audit committee to use the project plan as a basis for ensuring their financial responsibilities are factored into the committee's agenda setting and annual work plan in an appropriate manner and within an appropriate timeframe.

In general, the audit committee should assume the following responsibilities in relation to the annual financial statements of the agency.

- Review pro forma financial statements.
- Obtain assurance from management that the financial statements comply with all prescribed accounting requirements and are materially correct prior to recommending the financial statements for certification by the accountable officer or statutory body.
- Assess the appropriateness of agency accounting policies.
- Assess the process used by management in making material estimates and judgements in financial reports.
- Assess any unusual financial or operational trends or variations from forecasts.
- Review the impact of any materially adverse audit findings on the integrity of the agency's financial statements.
- Assess whether the information contained in the financial statements is consistent with the audit committee's knowledge of the agency.
- Enquire of management and external audit that the financial statements have been prepared in accordance agreed timeframes and whether there are any unresolved issues with external audit.

6.4 Performance Management

"Accountability for performance information relates to how efficiently and effectively the agency has carried out its operations and is aimed principally at reporting value for money" (Queensland Audit Office Report, p8) [11].

The monitoring of agency performance is a key function of management and of various agency executive management groups such as the agency's management board, executive management group or finance committee. The audit committee has no direct line responsibility for agency performance. However, the audit committee should ensure, principally through the internal audit function, that the systems of performance measurement and reporting, as well as the systems of internal control that underpin the performance management framework of the agency, remain robust and are addressed routinely in the internal audit plans.

The audit committee should obtain assurances from management and internal audit that the agency's performance management system is adequately and effectively reporting appropriate and relevant performance information.

The audit committee should also seek assurance from management that the agency has complied with the performance reporting requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, the *Queensland Government Performance Management Framework Policy* [12] and the *Annual Report Requirements for Queensland Government Agencies* [13].

The assessment of an agency's performance management processes may be adequately managed by another committee such as a finance committee or information steering committee. The audit committee's role and scope in relation to performance management will depend upon the role undertaken by other committees within an agency.

The *Auditor-General Act 2009* allows the Auditor-General to conduct performance audits. The audit committee members should familiarise themselves with observations, issues and recommendations arising from these audits and monitor the implementation of any recommendations accepted by management.

6.5 Internal Audit

Section 61 of the *Financial Accountability Act 2009* requires each accountable officer and statutory body to establish and maintain appropriate systems of internal control and risk management. Further, under section 78 of the *Financial Accountability Act 2009* each accountable officer must delegate to the head of internal audit certain minimum responsibilities including providing an assessment and evaluation of the effectiveness and efficiency of departmental financial and operating systems, reporting processes and activities.

Section 24 of the *Financial and Performance Management Standard 2019* requires that each accountable officer must establish an internal audit function for the department. A statutory body must establish an internal audit function if directed to do so by the Minister. A statutory body may also establish an internal audit function if considered appropriate.

Where a department or statutory body has established an internal audit function, the agency must develop and implement systems for ensuring that it operates efficiently, effectively, and economically.

The internal audit function may be performed by the agency's own employees, contracted employees or shared with another agency where this is more efficient and/or cost-effective.

The internal audit function must be independent and objective in performing their work. The audit committee would monitor any conflict of interest particularly when the internal audit function is outsourced. Current or previous engagement between the agency and internal audit provider, any consulting/advisory arrangement, or any other relationship could be perceived as conflict of interest and could undermine the impartiality of the internal audit function.

The internal audit function, where established, must operate under an internal audit charter and undertake planning appropriate to the size and functions of the department or statutory body. The *Financial and Performance Management Standard 2019* sets out the criteria that must be observed in relation to the internal audit charter, planning of the internal audit function, reporting considerations, relationship with external audit and the consideration of internal audit reports.

In essence, the audit committee acts as a forum for the internal audit function in respect of its planning, monitoring, and reporting processes.

The responsibilities of the audit committee should place emphasis on dealing with issues highlighted by internal audit rather than the detailed scrutiny of its day to day operations.

It is expected that the audit committee would overview matters such as:

- the adequacy of the internal audit charter
- whether the resourcing level is appropriate to the size and complexity of the agency
- the structure, qualification requirements, professionalism, ethical practices, and training needs of internal audit
- whether the internal audit plans ensure an optimum, cost-effective overall audit cover and compliance with specific legislated requirements
- the interaction between internal and external audit plans to ensure there is no material overlap
- the performance of the internal audit function relative to the annual audit plan, and
- the findings of internal audit and the actions proposed to be taken by management, including an assessment that management's proposed solution is the most appropriate and cost-effective.

Review of internal audit function

The need to periodically review the effectiveness of the internal audit function is a particularly important task of the audit committee. To facilitate this, the audit committee must have regard to Queensland Treasury's *Financial Accountability Handbook* [14] and would consider the *International Standards for the Professional Practice of Internal Auditing* [15] issued by the Institute of Internal Auditors.

6.6 External Audit and External Scrutiny

The Queensland Auditor-General holds statutory appointment as auditor of all public sector entities and is responsible for reporting independently to Parliament on the discharge of that official statutory obligation. The Auditor-General is empowered under section 37 of the *Auditor-General Act 2009* to undertake audits in the way that the Auditor-General considers appropriate. In conducting an audit, the Auditor-General may assess, and rely on, the relevant internal control systems of the agency, including the internal audit function.

It should be noted that the audit committee has no power to direct the external audit function or to review the external auditor's working papers and files. Rather, the audit committee acts as a forum to ensure that the issues raised by external audit have been addressed appropriately by the agency in a cost-effective manner.

If the agency does not agree with an audit recommendation, the audit committee should assess whether the response by management adequately addresses the associated risks to the agency.

The audit committee's involvement in relation to the external audit process would include the following items.

- Discussing with external audit its proposed strategy for the year with focus on areas of risk and materiality. The committee could suggest areas which it believes require additional audit coverage.
- Reviewing the audit plan issued by the external auditors. The audit committee should agree a timeframe with external audit for the Client Strategy to be presented to the audit committee.
- Being briefed on a regular basis by external audit on the results of the audit work performed during the year. The committee should also receive a briefing from external audit of their review of the audited financial reports.
- Reviewing objectively and constructively the recommendations and comments made by the external auditors in their audit report. The audit committee would assess whether the audit recommendations and comments are balanced with the views of management. The audit committee would consider whether management's view represents a cost-effective solution to the recommendations made by external audit.
- Monitoring the relationship between internal and external audit. The external audit strategy may indicate that it plans to place reliance on some areas of work performed by internal audit. Where internal audit does not meet its planned audit coverage or deadlines, this may result in external audit changing the initial approved Client Strategy to address those areas no longer covered by internal audit.
- Reviewing the timetable for the preparation of financial statements ensuring it is agreed with external audit to establish timeframes for the end of year process. Discuss with the chief finance officer (or equivalent) the agency's capabilities in meeting the proposed timetables, including the statutory deadline for the audit of accounts. The audit committee should schedule meetings in line with the proposed timetable for reviewing the financial statements.
- Liaising with external audit regarding the progress of the audit and monitoring issues that may impact on external audit's ability to complete the audit within agreed timeframes.
- Reviewing any Auditor-General Reports to Parliament which directly relates to the agency or may be appropriate to the agency. For example, if the Auditor-General undertakes a sector-wide audit and provides general comments in a Report to Parliament (that is, does not attribute comments to particular agencies), the audit committee may review these reports to determine any applicability to their agency, or if any lessons can be learned.

External scrutiny

In addition to receiving reports from its external auditors, an agency may also be the subject of scrutiny and report by other external reviewers, for example, Parliamentary committees, the Crime and Corruption Commission, the Queensland Ombudsman, or the Coroner.

The audit committee may be involved in reviewing the comments and recommendations of the external reviewers in their report, as well as the responses provided by management.

In addition, the audit committee may consider reports not directly related to the agency to determine if lessons can be learned.

6.7 Project Management

The audit committee should monitor and receive reports for major projects. The audit committee would be updated on progress at critical project phases which could include briefings on project assurance reports which identify significant emerging risks and recommendations to overcome issues that impact on success of the project.

For each major project, an audit committee should identify and manage any conflict of interest if an audit committee member is also part of the project steering committee to ensure independent and unbiased reporting is provided to the audit committee.

If specialty knowledge is required for scrutiny of major projects audit committees can invite guests with specialist knowledge to attend meetings.

6.8 Legislative, Regulatory and Other Requirements

Audit committees usually oversee compliance matters beyond those relating to the integrity of published financial information. Whilst the committee's charter determines the extent to which the committee needs to consider legislative compliance, non-financial areas of possible legislative compliance can include:

- the agency's enabling legislation (if applicable)
- work health and safety
- privacy
- right to information
- code of conduct, and
- whistleblower and customer complaints.

Compliance with whistleblower and code of conduct requirements are areas that appear to receive particular attention in both the private and public sector. The audit committee needs to consider whether management has appropriate systems and procedures in place to create and maintain a culture within the agency which supports strong ethical standards and behaviour.

Whilst it is likely that compliance matters such as work health and safety and code of conduct issues may be handled by specialist areas in the agency, it is important that the audit committee is aware of where the responsibility lies. It is also desirable that the audit committee receives regular reports from the areas of responsibility regarding compliance.

For instance, some agencies have developed a compliance register, which details all legislation to be complied with and the person responsible. This person then reports to, or updates, the audit committee as part of its annual work program, usually as a standing agenda item. This process provides confirmation from management that legislative requirements are being reviewed for compliance.

7. Conduct of the Audit Committee

7.1 Meetings of the Audit Committee

Audit committee meetings should be held on a timely and regular basis and their proceedings, recommendations and discussions formally recorded in the audit committee minutes. A meeting agenda should be prepared and distributed sufficiently in advance to enable adequate evaluation by committee members. A detailed agenda with strong control by the Chair is vital to ensure that meetings remain focused.

Agenda setting

- The committee should determine its own agenda. However, it is considered beneficial for the committee Chair to liaise with the accountable officer of the department or the statutory body, management, internal audit, and external audit prior to setting the agenda so that recent developments can be included.
- In setting the committee agenda, the most significant risks and threats to the agency should be emphasised as well as the ongoing evaluation of what is being done to mitigate such risks.
- The agenda and any supporting reports or reference material should be distributed to all members of the audit committee at least ten working days prior to a meeting. This will give members sufficient time to prepare for the meeting.

Timing of meetings

- The audit committee should meet at least quarterly, the timing of meetings depending on individual agency processes, audit reporting and financial statement preparation timeframes. For example, the audit committee should meet to review the financial statements before they are certified by the accountable officer or statutory body Chair and the chief finance officer (or equivalent).
- The timing of audit committee meetings should be planned annually in advance to ensure the availability of all members. The timing should be communicated to other personnel such as internal and external audit and line management, so that their availability can also be confirmed as they may be required to attend selected meetings.
- The committee Chair may call additional meetings as necessary to address any matters referred to the committee or in respect of matters that the committee wishes to pursue.

Minutes of meetings

- Meetings should be conducted on a formal basis and both proceedings and any decisions made are to be recorded in the audit committee minutes.
- The minutes should contain sufficient information to provide an understanding of the activities of the audit committee and the committee's recommendations, conclusions, and outcomes. This would include any action points, allocation of tasks to relevant people, allocation of time for follow up and further consultation.
- The minutes should be distributed to committee members as soon as possible after the conclusion of the meeting. In addition, a copy of the audit committee minutes could be forwarded to those who may have an interest in the activities of the audit committee, for example internal and external audit, and management.
- The minutes should be confirmed as an accurate record at the next meeting of the audit committee. If any important details have been incorrectly recorded or omitted, they can be discussed, and the minutes amended prior to confirmation.
- After the minutes are confirmed as an accurate record of the meeting, they should be signed by the Chair.

Quorum

- A quorum consists of a majority of members of the committee, one of whom is an external member.

Proxies

- As members are appointed based on personal qualities and skills, proxies should not be permitted if a member is unable to attend a meeting.

7.2 Virtual Meetings

The use of video conferencing technology to hold virtual and hybrid meetings has become an integral part of how meetings are conducted. Audit committees, including those which are regionally based, can benefit from using video conferencing as audit committee members do not need to attend meetings in person. The use of online platforms, together with virtual meeting protocols and procedures, enables meetings to be effective without attendees being physically present in the one location. For regional audit committees, this may provide a wider selection of potential audit committee members who have skills and experience that can add value and diversity to an audit committee.

If video conferencing technology is to be used the audit committee charter should reflect this as a suitable form of attendance. Procedures and protocols around how this technology will be used and how meetings are to be conducted should be established. For example, an audit committee meeting may be held using video conferencing technology if consented by the Chair and all members or is permitted in the audit committee charter.

Rules around voting, how to manage technical issues, member participation, and facilitation of discussion need to be established before holding a virtual meeting. In addition, confidentiality and cyber security risks need to be considered for the conduct of a virtual meeting and the sharing of information.

7.3 Audit Committee Meetings ‘Observers’

The audit committee can request agency staff (including executive officers and management) to attend audit committee meetings as an ‘observer’ or ‘guest’ where their knowledge and skills may be of benefit to the committee.

- Internal and external audit may attend audit committee meetings as observers. It may be beneficial for internal and external audit to attend as observers on an on-going basis.
- Observers or guests attend meetings by invitation only and are not eligible to vote at meetings.

7.4 Annual Work Plan

An annual work plan sets out the activities to be covered by the audit committee. The work plan should allocate the key tasks to be covered at specific meetings to ensure all activities and associated key risks and issues are addressed at the appropriate time during the year and that all key responsibilities are covered.

For instance, the work plan would set out, at the appropriate meeting, the various internal and external audit reports and management responses to be tabled and discussed. The annual work plan would also allocate appropriate time for a review of the progress of the internal audit function against the audit plan. The committee can also add value by ensuring the agency has appropriate compliance frameworks and review processes in place and that they are effectively managed.

When an audit committee is determining its work plan for the year, the committee should ensure that the plan aligns to the audit committee’s charter. The audit committee’s charter guides the behaviour and operations of an audit committee on an ongoing basis.

The Audit Committee Toolkit [1] contains an example audit committee annual work plan.

7.5 Reporting by the Audit Committee

Summary report to accountable officer/statutory body

The Chair of the audit committee should meet with the accountable officer or statutory body after each audit committee meeting if they have not attended the meeting. If such a meeting cannot be held, then a summary report could be prepared which highlights the key issues considered by the committee. The summary report would be provided to the accountable officer or statutory body in addition to a copy of the audit committee's minutes. The summary report would highlight the key issues and the minutes would provide the detailed supporting information. These key issues may include:

- any changes to the annual audit plan
- critical findings or emerging trends
- reporting of any matters impacting on the overall objectivity or independence
- any significant delay in management responding to or acting on recommendations/findings.

Year-end report to accountable officer/statutory body

Under section 30(5) of the *Financial and Performance Management Standard 2019*, the audit committee must, as soon as practicable after the end of the financial year, prepare a report to the accountable officer or statutory body summarising its operations for the year.

The report should include:

- The audit committee's performance and achievements for the year. This should be compared to the original objectives and work plan which was set for the audit committee for the year and would include the performance and achievements of any subcommittees, if established.
- Update on the risk assessment/appetite and external and/or internal annual audit plan.
- Annual trends identified, including any areas of special interest which were investigated by the audit committee.
- Any deficiencies which were identified by the audit committee.
- Any assessment of the performance of the audit committee for the year (refer to section 9).
- An outline of the objectives and focus of the audit committee for the following year.
- Confirmation of the independence of internal audit activity.

The committee's composition report (section 3.2.5) may be included as part of the year-end report to the accountable officer or statutory body

Agency annual report

The *Annual Report Requirements for Queensland Government Agencies* [13], published by the Department of the Premier and Cabinet, requires disclosure of information regarding the agency's audit committee.

8. Key Relationships of the Audit Committee

8.1 Relationship with Accountable Officer or Statutory Body

A key role of the audit committee is to act as an independent source of counsel to the accountable officer or statutory body and to act as a forum for the resolution of any audit/management disagreements.

The accountable officer or statutory body's support and influence are the most important enablers of an effective audit committee. Their support is integral in setting the culture of an agency and influencing how its employees will engage with its audit committee. If they do not engage and support the audit committee, it is more difficult for the committee to influence the agency's executive leadership team and decision makers. However, it is important to note that the accountable officer should not be a member or Chair of the audit committee [4].

Chairs of audit committees should regularly consult with, and report to the accountable officer or statutory body, to ensure the committee's agenda, style and discussion are providing the level of assurance they need and expect.

Accountable officer or statutory body support for audit committees

The Queensland Audit Office [4] has reported that Chairs of audit committees believe the best way an accountable officer or statutory body can show their support for an audit committee's work is to periodically attend meetings and provide an update on the business from their unique perspective. Their attendance and presentation help audit committees focus on the agency's most significant risks, developments, and major projects.

The Queensland Audit Office [4] has also reported that the accountable officer or statutory body can demonstrate commitment to the audit committee by:

- Attending as many meetings as practicable and providing a strategic update, at least annually, to the committee. If unable to attend in person, the accountable officer or statutory body could provide an issues brief, to the committee, on strategic developments impacting the agency. This may include emerging risks, significant projects, compliance issues, legislative changes, and policy developments. This brief will inform the key areas where the audit committee should focus its efforts.
- Formalising their attendance in the audit committee charter to provide greater clarity and accountability for both parties.
- Meeting regularly with the audit committee Chair, especially after meetings they do not attend.

8.2 Relationship with Line Management

The role of the audit committee with respect to line management will focus mainly on management's response to audit findings and audit recommendations and risks associated with significant projects.

The audit committee should determine whether management's response to address the audit findings is satisfactory, cost-effective and in line with the agency's risk management framework. The audit committee should also ensure that the recommendations will enhance the effectiveness and efficiency with which the agency delivers its services.

8.3 Relationship with Staff who Prepare Financial Reports

If considered beneficial by the Chair of the audit committee, an executive session may be held by the Chair with the audit committee's financial expert and the agency staff who prepare the financial reports. For example, a meeting with the agency's chief finance officer ahead of presenting the financial statements for audit committee

endorsement, before they are certified by management. These meetings would be in addition to the normal audit committee meetings. The issues to be discussed could include:

- Whether agency staff receive sufficient support and have access to appropriate resources to complete financial reports on a timely basis.
- Whether the deadlines and timing set out in the 'financial reporting project plan' are considered appropriate.
- Whether there is a training program in place to ensure staff maintain their technical skills.
- Whether any issues were encountered in the preparation of the financial report that should be brought to the attention of the audit committee.
- For departments, the content of the statement provided by the chief finance officer to the accountable officer about whether the financial internal controls are operating efficiently, effectively, and economically.

8.4 Relationship with External Audit

External audit and the audit committee should have a strong working relationship. Open, regular, frank, and confidential dialogue should be the norm, allowing the audit committee to utilise the technical knowledge and experience of external audit; for example, in assessing the agency's internal control systems and financial reports.

If considered appropriate, the Chair of the audit committee could decide to hold one or both of the following meetings:

- at least annually, a meeting may be held by the audit committee and external audit with no observers, to discuss any matters of significance that arose during the audit, and/or
- an executive session may be held by the Chair, an independent or external audit committee member and external audit. An executive session may be desirable in circumstances when full and frank discussion is warranted with no internal agency staff present.

These meetings would be in addition to the normal audit committee meetings. The issues discussed could include:

- Availability of agency personnel and whether an appropriate level of assistance and cooperation has been provided by agency staff to the external audit team.
- Whether appropriate access to agency records and information was given and whether any unreasonable delays were encountered in the provision of information by the agency to the external auditors.
- The quality of the information provided by the agency to the external auditors.
- Whether appropriate relationships exist with internal audit. For example, can external audit place reliance on the work of internal audit?
- Whether there have been any disagreements or unresolved matters with management in relation to audit findings and financial statement disclosures.

8.5 Relationship with Internal Audit

The audit committee should maintain a strong, positive relationship with the internal audit team. The audit committee should view the internal audit team as a significant source of information about what is going on within the agency.

If considered appropriate, the Chair of the audit committee could decide to hold one or both of the following meetings:

- a separate meeting may be held by the audit committee and internal audit with no observers present, and/or

- an executive session may be held by the Chair with an independent or external audit committee member and internal audit.

These meetings would be in addition to the normal audit committee meetings. The issues discussed could include:

- Whether internal audit has sufficient resources to carry out its responsibilities, including access to specialists where required.
- The availability of agency personnel and whether an appropriate level of assistance and cooperation has been provided by agency staff to the internal audit team.
- Whether appropriate access to agency records and information was given and whether any unreasonable delays were encountered in the provision of information by the agency to the internal audit team.
- The quality of the information provided by the agency to the internal auditors.
- Whether appropriate relationships exist with external audit. For example, has external audit placed appropriate reliance on the work of internal audit?

8.6 Relationship with Other Governance Groups

Risk management committee

Where a separate risk management committee exists, it is essential that there is a formal process for sharing of information and/or for regular reporting to the audit committee.

Many public sector agencies have a separate risk management committee. The most appropriate form of communication between the committees would depend upon the agency.

Some appropriate ways for the audit committee and risk management committee to share information include:

- common membership, such as, the Chair of the risk management committee is also a member of the audit committee
- a standing item on the audit committee's agenda to receive a report at each meeting from the risk management committee
- an exception reporting system, or
- by reviewing the sign-off by the risk management committee.

Other executive management groups

Executive management groups, other than audit and risk management committees, exist in most of the larger agencies. Where such discrete groups are operative, the audit committee should ensure that there is no material overlap between the functions and duties of the audit committee and the other management groups, and that frank and meaningful interchange of information occurs between the groups, to the extent desirable or necessary.

Some appropriate ways for the audit committee to be informed on the activities of other management groups include:

- the chair of the executive management group may be invited to attend audit committee meetings as an 'observer' to provide an update on key issues, or
- a standing item on the audit committee's agenda to receive an update, at each meeting, from the relevant executive management group.

9. Assessment of Performance

The audit committee should assess its performance and achievements against its charter and workplan on an annual basis. This can be done in different ways such as by undertaking a self-assessment, or an independent external review. Irrespective of the method used to assess performance if gaps or weaknesses are identified these should be addressed for future improvement.

Additional performance related resources are available in the Audit Committee Toolkit [1].

9.1 Self-assessment of Audit Committee Performance

The aim of the self-assessment is to ensure that the audit committee is meeting its objectives efficiently and effectively and is discharging its responsibilities as set out in its charter and workplan.

As part of the self-assessment the audit committee may seek feedback from the accountable officer or statutory body, senior agency management, and internal and external audit on the effectiveness of the audit committee. In particular, the assessment would consider whether the audit committee is providing sufficient and appropriate support to the accountable officer or statutory body.

The agency may consider it beneficial for the audit committee to engage an external facilitator to aid with, or to supervise, the self-assessment process.

9.2 External Review of Audit Committee Performance

The accountable officer or statutory body may decide that the audit committee undergo an external peer review. The timing of the external peer review would be at the discretion of the accountable officer or statutory body and may be performed in conjunction with the Chair's term of office.

The external peer review is not a review of the appropriateness of the decisions made by the audit committee, but instead is a review of the processes and procedures undertaken by the committee.

The external peer review could be performed by individuals who have specific skills relevant to the major risks of the agency, as well as an understanding of how other audit committees operate. The external peer review could be undertaken by individuals drawn from:

- audit committees of other agencies
- the major risk area of the agency (for example, healthcare professional, teacher, engineer), or
- sources independent to the Queensland public sector. An independent reviewer can provide an impartial and objective view and can result in new ideas and new perspective from the evaluation process.

9.3 Review of Individual Member Performance

Good corporate governance includes a formal evaluation of the performance of individual audit committee members in addition to the evaluation of the work of the committee as a group. The assessment would cover the performance of the individual member as part of the overall audit committee with reference to the skills the member has brought to the audit committee.

Best practice is to undertake an assessment of a member's performance annually. At a minimum, this should be done at least once during their term of office. A member's term of office should only be extended if the performance of the member has been reviewed.

The accountable officer or statutory body would decide the process or technique to be undertaken to review a member's performance. The most common approach is for the Chair of the audit committee to review the performance of individual members and for the accountable officer or statutory body to perform a formal review of the chair. The performance could be assessed against a set of performance criteria and could be undertaken with

the assistance of an internal or external facilitator. An internal facilitator could be sourced from the agency's Human Resources area.

9.4 Analysis and Reporting of Performance Results

The results and findings of the committee's performance assessment should be evaluated and documented in summarised form, highlighting strengths and weaknesses. The committee would discuss the performance results. Any issues identified should result in an action plan to improve performance to an acceptable level. The committee Chair, and external facilitator/reviewer (if engaged), would present the findings and action plan to the accountable officer or statutory body for feedback.

Any issues identified during a performance assessment will form the basis of a gap analysis and should have rectification strategies developed against them. Such strategies could include training or procuring additional skills on the committee via additional members or guests. Issues identified could impact on succession planning and committee renewal strategies. The Chair should consult with the accountable officer or statutory body to obtain appropriate support to implement any rectification actions.

Appendix: Publications Referenced

- [1] "Audit Committee Toolkit," Queensland Treasury, [Online]. Available: <https://www.treasury.qld.gov.au/resource/audit-committee-guidelines-improving-accountability-performance/>
- [2] "Corporate Governance Guidelines for Government Owned Corporations," Queensland Treasury, [Online]. Available: <https://www.treasury.qld.gov.au/resource/corporate-governance-guidelines-government-owned-corporations/>
- [3] "Corporate Governance Principles and Recommendations (4th Edition)," ASX Corporate Governance Council, [Online]. Available: <https://www2.asx.com.au/about/regulation/asx-corporate-governance-council>
- [4] "Insights Report – Effectiveness of audit committees in state government entities, Report 2: 2020-21," Queensland Audit Office, [Online]. Available: <https://www.qao.qld.gov.au/reports-resources/reports-parliament/effectiveness-audit-committees-state-government-entities>
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- [6] "Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities," Department of Premier and Cabinet, Qld, [Online]. Available: <https://www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/welcome-aboard.aspx>
- [7] "Public sector audit committees - Independent assurance and advice for Chief Executives and Boards," Australian National Audit Office, [Online]. Available: <https://apo.org.au/node/30602>
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- [10] "Queensland Government Indemnity Guideline," Public Sector Commission, [Online]. Available: <https://www.forgov.qld.gov.au/employment-policy-career-and-wellbeing/directives-policies-circulars-and-guidelines/queensland-government-indemnity-guideline#:~:text=Public%20officers%20should%2C%20when%20acting,provide%20them%20with%20an%20indemnity>
- [11] "Performance Report - Enhancing Accountability through Annual Reporting, Report 1: 2008," Queensland Audit Office, [Online]. Available: <https://www.qao.qld.gov.au/reports-resources/enhancing-accountability-through-annual-reporting>

- [12] “Queensland Government Performance Management Framework Policy,” Department of the Premier and Cabinet, [Online]. Available: <https://www.qld.gov.au/about/how-government-works/managing-government-performance>
- [13] “Annual Report Requirements for Queensland Government Agencies,” The Department of the Premier and Cabinet, [Online]. Available: <https://www.qld.gov.au/about/how-government-works/managing-government-performance>
- [14] “Financial Accountability Handbook,” Queensland Treasury, [Online]. Available: <https://www.treasury.qld.gov.au/resource/financial-accountability-handbook/>
- [15] “International Standards for the Professional Practice of Internal Auditing,” The Institute of Internal Auditors, [Online]. Available: <https://www.iaa.org.au/technical-resources/professionalGuidance/standards.aspx>

If your agency has any questions concerning the Audit Committee Guidelines, please contact the Treasury Analyst for your agency.

Alternatively, email the Financial Management Helpdesk at fmhelpdesk@treasury.qld.gov.au with details of your query and a response will be provided.

