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| QUEENSLAND TREASURY |
| Audit Committee Toolkit  Resources for Agency Audit Committees  October 2023 |

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| **Version** | **Date** | **Details** |
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| 1 | October 2023 | * New publication to accompany the State of Queensland (Queensland Treasury) Audit Committee Guidelines. <https://www.treasury.qld.gov.au/resource/audit-committee-guidelines-improving-accountability-performance/> |

# Templates

## Template Charter

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| This template charter is a suggested model only for an agency’s audit committee. The charter should be tailored to meet each agency’s individual profile and circumstances. If the agency has a combined audit and risk management committee then the audit committee’s role in relation to risk would need to be modified.  The template charter below has been prepared for a department. Statutory bodies will need to make appropriate modifications. |

**{*AGENCY NAME*}**

**AUDIT COMMITTEE CHARTER**

**THE CHARTER**

This document, to be known as the Audit Committee Charter of {*agency name*} has been approved by {*name of accountable officer*} as the accountable officer of {*agency name*}.

**PURPOSE**

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

**AUTHORITY AND INDEPENDENCE**

The committee has no executive powers, unless delegated to it by the {*title of accountable officer*}.

The audit committee is a committee of {*agency name*} and is directly responsible to the {*title of accountable officer*}. In discharging its responsibilities, the committee has the authority to:

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

**ROLE**

The role of the committee is to provide independent assurance and assistance to the {*title of accountable officer*} of {*agency name*} on:

* financial and performance reporting processes
* risk, control and compliance frameworks
* external accountability responsibilities as prescribed in the {*name of relevant legislation and standards*}, and
* **{*tailor to agency needs*}** (other matters as appropriate to agency to be listed separately).

The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within {*agency name*}, or the reporting lines and responsibilities of either internal audit or external audit functions. The committee will provide prompt and constructive reports on its findings directly to the {*title of accountable officer*}, particularly when issues are identified that could present a material risk or threat to {*agency name*}

**DUTIES AND RESPONSIBILITIES**

The committee is directly responsible and accountable to the {*title of accountable officer*} for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the committee must at all times recognise that primary responsibility for management of {*agency name*} rests with the {*title of accountable officer*}.

The audit committee’s duties and responsibilities are to **{*tailor to agency needs*}**:

**Financial Statements**

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

**Risk Management {*tailor as required if combined audit and risk management committee exists, also need to refer to areas already covered by separate risk management committee if one exists*}**

* Review the effectiveness of {agency} risk management frameworks to ensure that appropriate processes are in place to identify, monitor, manage, escalate and report significant business risks, including fraud, and material projects (ICT and otherwise).
* Liaise with management to ensure there is a common understanding of the key risks to the agency. The risks are clearly documented in a risk register which is regularly reviewed to ensure it remains up to date.
* Review project risk mechanisms (including reporting arrangements) for material projects (ICT and otherwise) to ensure that sound and effective risk mitigation strategies have been implemented and identify any emerging project risks.
* Assess and contribute to the audit planning processes relating to the risks and threats to the agency.

**Internal Control**

* Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control.
* Review, through the internal and external audit functions, whether relevant policies and procedures are in place and up to date, including those for the management and exercise of delegations, and whether they are complied with.
* Review, through the chief finance officer (or equivalent), whether the financial internal controls are operating efficiently, effectively and economically.

**Performance Management**

* Review the agency’s compliance with the performance management and reporting requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and the ‘Annual Report Requirements for Queensland Government Agencies’.
* Review whether the performance management systems in place reflect the agency’s role/purpose and objectives (as stated in its strategic plan).
* Assess whether the agency uses appropriate benchmarks, targets and trend analysis.

**Internal Audit**

* Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
* Review the proposed internal audit strategic plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor.
* Review the findings and recommendations of internal audit and the responses to them by management.
* Review the implementation of internal audit recommendations accepted by management.
* Ensure that there is no material overlap between the internal and external audit functions.
* Review annually the Internal Audit Charter to ensure that appropriate authority, access and reporting arrangements are in place.

**External Audit**

* Consult with external audit on the function’s proposed audit strategy, audit plan and audit fees for the year.
* Review external audit findings and recommendations (including from performance audits) and the responses to them by management.
* Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit’s findings.
* Meet with the external audit providers without management personnel being present at least once a year.

**Compliance**

* Review the effectiveness of the system for monitoring the agency’s compliance with relevant laws, regulations and government policies.
* Review the findings of any examinations by regulatory agencies, and any auditor observations.
* On an annual basis, review the business continuity arrangements, including annual testing of plan results and related processes.

**Reporting**

* Circulate minutes of the committee meetings to {*title of accountable officer*}, committee members and invited guests as appropriate.
* Prepare an annual report to {*title of accountable officer*} summarising the performance and achievements for the previous year. An interim program of the planned activities for the coming year is also to be provided.
* Submit a summary of its activities for inclusion in {*name of agency*} Annual Report.
* Prepare and submit an annual Composition Report to {*title of accountable officer*} on whether the audit committee complies the composition requirements and any planned actions to address compliance issues.

**MEMBERSHIP AND MEETINGS**

**Membership**

* Members, including the Chair, are appointed by {*title of accountable officer*}.
* Membership of the committee will consist of a minimum of three and a maximum of six (unless otherwise determined by the accountable officer).
* A majority of the members (including the Chair) will be independent of the Queensland public sector by 30 June 2025 and the audit committee will thereafter have a fully independent membership.
* At least one member will a financial expert.
* At least one member will have expertise in the industry in which the agency operates.
* The term of appointment is for three years and can be extended for a further term subject to the composition and skill requirements of the committee. The maximum term is six years.
* Members are appointed on the basis of personal qualities and skills and proxies are not permitted if the member is unable to attend meetings.
* Member terms and conditions are to be disclosed in the Letter of Appointment.

**Chair**

* The Chair will be independent to the Queensland state government.
* The Chair will possess sound communication and strong leadership skills.
* The Chair is directly responsible and accountable to the {*title of accountable officer*} for the exercise of their responsibilities.

**Secretariat**

* A secretariat function will be appointed by {*title of accountable officer*} to facilitate the committee’s meetings and reporting duties.
* The secretariat, in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the committee.
* The secretariat will table all correspondence, reports and other information relevant to the committee’s activities and operations.
* The secretariat will provide administration support to the accountable officer and Chair with the appointment, induction and retirement of committee members.

**Ethical practices**

* Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the committee. The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting and be updated as necessary.

**Meetings and attendance**

* The committee will meet {*e.g. quarterly*} and the schedule of meetings will be agreed in advance.
* A quorum will consist of {*insert number*} members, at least one of which must be an independent member.
* The chief financial officer and accountable officer shall normally be invited to attend committee meetings. The committee may ask management to present at committee meetings as required.

**Meeting Agenda**

* The committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks and threats.
* The agenda and relevant papers will be distributed to members at least {*insert timeframe but suggest at least ten*} working days prior to the meetings.
* Meetings may take place either in-person, or virtually using available technology, as required by the Committee and deemed appropriate by the Chair.

**RELATIONSHIPS**

**Internal Audit**

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

* The internal auditor will have a standing invitation to attend committee meetings.
* The Chair, independent and external members will hold executive sessions with internal audit at least twice per year, if required.

**External Audit**

The committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

* The external auditor will have a standing invitation to attend committee meetings.
* The Chair, independent and external members will hold executive sessions with external audit at least twice per year, if required.

**Other Executive Management committees**

The audit committee shall liaise with {*insert name of committees existing in the agency*} as required to ensure:

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

**EVALUATION OF COMMITTEE ACTIVITIES**

* The committee will undertake an annual self-assessment of its performance for the previous twelve months at {*insert timeframe e.g. the September meeting*}.
* The committee will provide a report of the annual review outcomes to {*title of accountable officer*}.
* At least once every {*insert appropriate timeframe e.g. three years, or co-ordinate with Chair’s term of office*} the committee will arrange for an external peer review of its operations and activities. The results of this review are to be provided directly to {*title of accountable officer*}.
* The Chair will provide each individual member with feedback on that person’s contribution to the committee’s activities at least once during each member’s term of office including a review of any training needs.

**ANNUAL WORK PLAN**

* The Committee will prepare an annual work plan that outlines the activities to be undertaken.

**REVIEW OF THE CHARTER**

* The charter will be reviewed annually by the committee to ensure it remains consistent with the committee’s authority, objectives and responsibilities.
* All amendments to the charter will be discussed and approved by {*title of accountable officer*}.

**APPROVAL OF THE CHARTER**

{*Agency name*} audit committee charter is endorsed by the Chair of the committee and approved by {*title of accountable officer*}.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Name  Chair  Audit Committee |  | Name  {*Title of Accountable Officer*} |

## Sample Letter of Appointment

**{*Agency Letterhead*}**

{*Date*}

{*Member name and address*}

**APPOINTMENT AS AUDIT COMMITTEE MEMBER**

I am pleased to confirm your appointment as a member of the {*agency name*} audit committee. I am writing to set out the terms of your appointment. Please note that this is a contract for services and is not a contract of employment.

**Duration of Appointment**

The appointment is for an initial term of {*years*} commencing on {*date*}, contingent on the appointment not otherwise terminating in accordance with the {*committee’s charter or by-law*}.

Audit committee members are typically expected to serve {*expected term*}, although the {*Accountable Officer/Board of the statutory body*} may invite you to continue as a member for an additional period thereafter.

**Role of the Audit Committee**

The audit committee acts as an advisory body independent of management and internal and external audit, reporting directly to the {*accountable officer/statutory body*} on accountability and audit related matters. It assists the accountable officer or statutory body by:

* providing an independent review of the agency’s reporting functions to ensure the integrity of financial reports
* ensuring all internal control and risk management functions are operating effectively and reliably
* providing strong and effective oversight of the agency’s internal and external audit functions.

A copy of the Audit Committee Charter is included in your member induction materials.

**Committee Members**

The members and secretary of the committee are as follows:

|  |  |  |
| --- | --- | --- |
| **Name** | **Position** | **Phone** |
|  | Independent Chair |  |
|  | Independent Member |  |
|  | Internal/External Member |  |
|  | Secretary |  |

**Timing and Location of Audit Committee Meetings**

The committee normally meets {*quarterly*} and holds additional meetings if required. The proposed dates for meetings until the end of {*year*} are:

|  |  |  |
| --- | --- | --- |
| **Date** | **Time** | **Location** |
|  |  |  |
|  |  |  |
|  |  |  |

All relevant material for the meeting will be {*emailed/couriered/mailed*} to you {*insert number of working days*} prior to the scheduled meeting date.

**Commitment**

Your duties as an audit committee member are expected to typically take {*number*} days per year, including time to read papers in preparation for meetings and a program of activity to keep you in touch with the agency’s activities and priorities.

**Technology**

By consenting to become a committee member, you consent to the use of video, telephone, electronic mail, any other technology which permits each committee member to communicate with every other committee member, or any combination of these technologies for the purpose of calling, holding and attending audit committee meetings.

**[[1]](#footnote-2)^Remuneration {external non-public sector members only}**

The Queensland government recognises the contribution made by members of the community to the sound management of many agencies and committees and has approved a standardised system for remuneration of members of these committees.

External non-public sector members of the audit committee will be paid in accordance with the instructions and procedures outlined in *Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies*.

**Reimbursement of Expenses**

Public sector members may be reimbursed for certain meeting expenses as outlined in *Remuneration Procedures for Part-time Chairs and Members of Queensland Government Bodies*.

**Induction Process**

In preparation for your role as audit committee member, I have enclosed a binder of reference material to assist you in familiarising yourself with the workings of {agency name}. It is expected that you will have read all induction material and completed all necessary paper work prior to attending your first audit committee meeting.

**Confidentiality**

All information acquired during your term of office is confidential to the agency and should not be disclosed either during your appointment or after termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chair.

Enclosed is a Confidentiality Acknowledgement form. Please sign and return the form prior to the first meeting of the committee.

**Conflicts of Interest**

All possible conflicts of interest are to be notified to the Chair of the audit committee prior to the first meeting of the committee. If during the period of appointment to the audit committee your personal circumstances change in any way that may result in a conflict of interest for you in your audit committee role, you are to immediately declare the circumstances to the Chair of the audit committee.

In addition, each member is required to declare all conflicts of interest at the beginning of every audit committee meeting if an agenda item indicates a conflict. If a conflict of interest arises during a meeting, you are required to disclose the conflict immediately. All conflicts of interest are to be recorded in a Register of Conflicts of Interest which will be available at each audit committee meeting.

**Privacy**

During your term of office, you are required to comply with the {*agency’s name*} Privacy Policy and Parts {*1 or 2*} and 3 of Chapter 2 and the {*Information Privacy Principles as set out in Schedule 3 or National Privacy Principles as set out in Schedule 4*} of the *Information Privacy Act 2009*.

**Termination**

If you choose to resign from this appointment, you will be expected to give {*number*} months’ notice, unless your circumstances have changed in a way that makes it appropriate for you to resign immediately. If your performance as an audit committee member is determined to be unacceptable or if your conduct (including conflicts of interest) is unacceptable, your appointment may be terminated by the {*Accountable Officer/Board of the statutory body*}.

In the event of termination of your appointment, on request, you will return to {agency} or destroy all originals and copies of correspondence, documents (including committee minutes and papers), and other property of the {agency} made or received by you during your tenure on the audit committee.

Should you have any further questions, please call me on {*telephone number*}.

Yours sincerely

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|  |
| Name  {*Title of Accountable Officer/Chair of Board of Statutory Body*} | |

Encl.

## Sample Confidentiality Acknowledgement

I, {*name*} acknowledge that I have received a copy of:

* Details of {*agency name*} legislation and appropriate sections regarding confidentiality requirements
* {*Agency name*} Privacy Policy {and appropriate sections of the Information Privacy Act}
* {*Agency name*} Code of Conduct

I understand that acting in accordance with the legislation listed above and the {*agency name Privacy Policy*} is a condition of my continuing engagement as a member of the audit committee of {*agency name*}.

I agree that I will not at any time, during my engagement with the *{agency name}* or in the years following that engagement, divulge any such confidential information, nor transfer any such confidential information to any third party, nor use any such confidential information for my own purpose or for any purpose other than in connection with my authorised role as a Committee Member of *{agency name}*, unless such disclosure shall have been approved in writing in advance by *{agency name}*.

I note that should I require further assistance on any matter contained in the above documentation, I should contact {*contact details of appropriate area*}.

|  |  |
| --- | --- |
| Signature: |  |
| Member name: |  |
| Date: |  |

## Template Audit Committee Annual Work Plan

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| The annual work plan should allocate the key tasks to be covered at specific meetings to ensure activities are addressed at the appropriate time during the year and that all key responsibilities are covered. The annual work plan should be tailored to the audit committee’s Charter. The following example work plan is based on four meetings per year; however, the number of meetings may vary depending on the audit committee’s responsibilities. Highlighting indicates key area of focus of the meeting. | | | | | |
|  | | | | | |
| **Responsibility** | **Consideration** | **February** | **May** | **August** | **October** |
| **Financial Reporting** | Review of financial reports |  |  |  |  |
| Review pro forma financials |  |  |  |  |
| Chair and Financial Expert to meet with preparer of financial reports |  |  |  |  |
| Review significant reporting issues |  |  |  |  |
| Review financial statements |  |  |  |  |
| Review management assurance statement |  |  |  |  |
| Endorse financial statements |  |  |  |  |
| Review financial reporting timetable |  |  |  |  |
| **External Audit (EA)** | Briefing from EA on audit findings, follow-up with management, and emerging issues. |  |  |  |  |
| Assess effectiveness of EA |  |  |  |  |
| Chair and independent members meet with EA (without management or IA) |  |  |  |  |
| Review EA plan including audit timetable, staffing and audit fee |  |  |  |  |
| **Internal Audit (IA)** | Review IA reports |  |  |  |  |
| Review performance and resourcing of IA |  |  |  |  |
| Review and endorse IA strategic plan (three years) and annual audit plan (next 12 months) |  |  |  |  |
| Review IA Charter |  |  |  |  |
| Chair and independent members meet with IA (without management) |  |  |  |  |
| **Audit Recommendations** | Review responses from management |  |  |  |  |
| Monitor implementation of internal and external audit recommendations |  |  |  |  |
| **Risk Management** | Review risk management framework |  |  |  |  |
| Consider reports on risk management, significant risks, including reviews of the risk register |  |  |  |  |
| Review fraud and corruption control plan |  |  |  |  |
| Update on actual frauds and losses during the last 12 months |  |  |  |  |
| **Compliance** | Assess management’s identification and management of compliance risk |  |  |  |  |
| Consider reports on compliance risks, legal and regulatory matters |  |  |  |  |
| Review incidents of non-compliance |  |  |  |  |
| **Major projects update** | Review entity’s oversight and reporting on major projects |  |  |  |  |
| Updates on major projects, including risks, known issues and progress |  |  |  |  |
| **Performance Management** | Review performance management systems |  |  |  |  |
| Review the annual report |  |  |  |  |
| **Effectiveness of Audit Committee** | Review committee and member performance |  |  |  |  |
| Review/endorse audit committee charter |  |  |  |  |
| **Management Presentations** | On a rotational basis, the accountable officer (AO) and management present on their responsibilities, key issues and risks. | AO brief + Division A | Division B | AO brief + Division C | Division D |

## Template Audit Committee Skills Matrix

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| This template is a simple example skills matrix for the agency to assess whether the audit committee has the required skills to perform its role effectively. Any gap identified could be addressed through targeted recruitment, inviting experts to present to the committee, or by targeted training for the committee or individual members. The skills matrix could also include consideration of other factors such as independence and diversity to ensure the committee has an appropriate balance of members. |

| **Audit committee responsibility** | **Entity’s maturity**  **(Scale: developing, established, mature)** | **Priority on audit committee workplan** | **Audit Committee collective skillset** | **Action** |
| --- | --- | --- | --- | --- |
| Financial Reporting | Mature | Yes | Two members with extensive accounting and auditing expertise and current membership of an accounting body. | None – membership appropriate. |
| Risk Management | Developing | Yes | One member with limited risk management knowledge. | Recruitment required. |
| Governance | Mature | Yes | Two members with experience on public sector boards, experience with policy and performance frameworks. | None – membership appropriate. |
| Regulatory Compliance | Established | Yes | One member with legal background. | Membership appropriate but external specialist to be utilised. |
| System of Internal controls | Mature | Yes | Two members with experience in developing and working with internal control frameworks in the public and private sector. | None – membership appropriate. |
| ICT Project Management | Developing | Yes | No member with ICT project governance. | Recruitment required. |

Other examples of an Audit Committee Member Skills Matrix include:

* **Queensland Audit Office**

*Effectiveness of audit committees in state government entities Figure 3B*

<https://www.qao.qld.gov.au/reports-resources/reports-parliament/effectiveness-audit-committees-state-government-entities>

* **Department of Finance**

*A guide for non-corporate Commonwealth entities on the role of audit committees* *Appendix B: Skills matrix*

<https://www.finance.gov.au/publications/resource-management-guides/audit-committees-rmg-202>

## Template Composition Report

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| This template is an example composition report of an audit committee. The accountable office or statutory body may prefer to have the composition report incorporated into the year-end report of the audit committee. Alternatively, the audit committee may prefer a more textual version rather than tables with the same information. |

| **Audit committee member** | **Independent** | **External / Internal** | **Appointment Date** | **Date of completion of tenure** | | **Financial / Industry Expertise** |
| --- | --- | --- | --- | --- | --- | --- |
| Chair  {name} | Yes |  | {date} | {date} | | Qualified Engineer [relevant to agency industry] |
| {name} | Yes |  | {date} | {date} | |  |
| {name} | Yes |  | {date} | {date} | |  |
| {name} | Yes |  | {date} | {date} | | Chartered Accountant |
| {name} |  | Internal | {date} | {date} | | Chartered Accountant |
| {name} |  | Internal | {date} | {date} | |  |
| **Compliance** | | **Issues / Comment** | | | **Actions** | |
| Independent Majority | Yes 4/6 |  | | | Nil | |
| Independent Chair | Yes | Chair has submitted resignation at end of tenure (6 months)  Chair is industry expert | | | Need to recruit and appoint new Chair  Need to source new industry expertise  Cultural diversity to be considered in recruitment process | |
| Independent Members | Yes - 4 |  | | | Nil | |
| Total Membership | Yes - 6 |  | | | Nil | |
| Financial Expertise | Yes | 2 members, both Chartered Accountants | | | Nil | |
| Industry Expertise | Yes | 1 member (Chair) is qualified Engineer (industry expert) | | | Need to source new industry expertise as part of Chair recruitment | |
| Diversity of members | Yes | 3 women, 2 members without public administration experience | | | Future appointments could explore candidates with different cultural backgrounds | |

## Potential Sources of Risk

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| Below are some examples of potential sources of risk which may be considered by the audit committee. This is not an exhaustive list, and the same risk can affect agencies in different ways. |

|  |  |  |  |
| --- | --- | --- | --- |
| **Political / Economic** | **Technology / Cybersecurity** | **Social** | **Organisational** |
| * Uncertain political leadership (state and national) * Terrorism * Change in government * Machinery of government changes * Parliamentary support * Policy change * Changes in legislation * Volatility in economic trends * Services not delivering value for money * Economic growth * Exchange rate variation * Inflation | * Business transformation (technology dependence) * New and evolving technologies * Digital nature of data * Sophistication of hackers * Social media * Mobile connectivity * Cloud computing * Data analytics * Technological obsolescence * Globalisation * Network failures * Privacy risks and cyber attacks | * Corruption * Public health * Social unrest * Community expectations * Pressure groups * Activism * Media relations * Changing demographics * Security threats * Public transport interruptions | * Agency reputation * Service delivery * Operational policies * Procurement processes * Start of new projects or functions * Industry developments * Business continuity * Emergency preparedness * Fraud * Control breakdowns * Regulation and compliance * Financial management * Performance management * Accountability and transparency * Resource management * Budgetary constraints * Management capabilities / structures * Personnel skills * Industrial relations * Recruitment and retention * Workplace health and safety |

# Example Checklists

## Financial Expert Checklist

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| An audit committee should have one member who is a financial expert. A financial expert should be able to review the financial reports prepared by the agency, challenge management and external audit on financial issues and understand complex financial areas such as financial instruments and valuation of assets.  The following is a list of relevant criteria to be considered when assessing whether a member has the relevant experience and qualifications to be designated as a ‘financial expert’. |

| **Financial Expert** | **Yes** | **No** | **Comment** |
| --- | --- | --- | --- |
| **Qualifications** |  |  |  |
| Does the member have a degree or higher level of education in accounting, audit or other financial related area? | q | q |  |
| Is the member a current member of one of the professional accounting or audit bodies in Australia?  (e.g. request a copy of current membership or other form of verification) | q | q |  |
| Is the member required to do a minimum number of hours per year in maintaining their technical knowledge?  (e.g. request assurance from member that the minimum required professional development is undertaken as prescribed by membership body) | q | q |  |
| **Understanding of Accounting Concepts** |  |  |  |
| Does the member have a broad understanding of the following: |  |  |  |
| * Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board? | q | q |  |
| * The *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2019*? | q | q |  |
| * Internal controls and procedures for financial reporting? | q | q |  |
| * The materiality concept including quantitative and qualitative factors? | q | q |  |
| **Experience** |  |  |  |
| Does the member have recent experience as a chief finance officer, principal accounting officer, public accountant or auditor? | q | q |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Experience (continued)** |  |  |  |
| Does the member have recent experience supervising a person acting in the position of chief finance officer, principal accounting officer, public accountant or auditor? | q | q |  |
| Does the member have recent experience preparing, reviewing or auditing financial statements? | q | q |  |
| Does the member have experience overseeing or assessing the performance of government organisations, companies, not-for-profit organisations or government auditors? | q | q |  |
| Does the member have financial experience in the government sector? | q | q |  |
| Does the member have experience in establishing systems of internal control, evaluating internal controls and maintaining the effectiveness of internal controls? | q | q |  |
| Does the member have experience serving on an audit committee? | q | q |  |

## Risk Management Checklist

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| --- |
| The audit committee’s role in relation to risk (including fraud) 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 or not the agency has established a separate risk management committee. The extent and nature of the audit committee’s role in relation to risk should be clearly documented in the audit committee’s charter.  The following is a list of relevant criteria that the committee may wish to consider when undertaking its risk management responsibilities. The checklist would need to be tailored to meet the circumstances within the agency depending upon whether a separate risk management committee exists. |

| **Risk Management** | **Yes** | **No** | **Comment** |
| --- | --- | --- | --- |
| **Culture** |  |  |  |
| Is there a culture within the agency that understands and supports the needs and benefits of effective risk management? | q | q |  |
| Does management support a proactive response to the identification of risks? | q | q |  |
| Are there risk management champions? | q | q |  |
| Are the risk management champions supported by management? | q | q |  |
| Are staff provided with regular training and information on risk management such as the risks facing the agency and the strategies used to mitigate the risks? | q | q |  |
| Is risk information shared across the agency and with other agencies? | q | q |  |
| **Framework** |  |  |  |
| Does the agency have a risk management framework? | q | q |  |
| Is the risk management framework: |  |  |  |
| * Clearly documented? | q | q |  |
| * Communicated to, and easily understood by, staff? | q | q |  |
| * A direct reflection of the agency’s tolerance and appetite for risk? * Integrated across all levels of the agency and across all processes, operations, functions and reporting? | q | q |  |
| q | q |  |
| **Processes** |  |  |  |
| Is there an appropriate level of ownership and management of risk? | q | q |  |
| Does the agency have a risk register or other document that identifies risks (including fraud) and ranks the risks impacting on the agency and more broadly whole-of-Government? | q | q |  |
| If the agency does not have a risk register or other document to identify risks, has the agency considered establishing such a document? | q | q |  |
| Does the risk register (or other document) accurately reflect the risks facing the agency? | q | q |  |
| Does the risk register (or other document) consider the following with regard to risk: |  |  |  |
| * External sources?   (e.g. economic conditions, laws and regulations, labour relations) | q | q |  |
| * Internal sources?   (e.g. key employees (retention and succession planning), fraud, funding for key programs, information systems (security and backup)) | q | q |  |
| * Misstatement in financial reports? | q | q |  |
| * Impact of risks in the short and long term? | q | q |  |
| For each risk area identified on the risk register or other document, do satisfactory controls, processes or strategies exist to mitigate the risk? | q | q |  |
| Are the major risks identified by the agency adequately considered in the internal and external audit plans? | q | q |  |
| If a separate risk management committee exists, is there appropriate reporting on the issues considered by the risk management committee to the audit committee?  (e.g. common membership or copy of minutes or issues report) | q | q |  |

## Internal Controls Checklist

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| --- |
| An audit committee’s responsibilities in relation to the internal control environment are review and enquiry. The audit committee should review whether management has effective internal control policies and procedures in place and that the controls are maintained. The audit committee should enquire of both the internal and external auditors whether they have identified any inadequacies in the control environment and whether management has appropriately addressed those weaknesses.  The following is a list of relevant criteria designed to assist the members in evaluating the agency’s internal control environment. If deficiencies are identified, the audit committee would refer the issues to internal audit, the accountable officer or statutory body and, where appropriate, external audit. |

| **Internal Controls** | **Yes** | **No** | **Comment** |
| --- | --- | --- | --- |
| **Policies and Procedures** |  |  |  |
| Has the accountable officer or statutory body developed and implemented an appropriate internal control framework and specific internal control procedures for the agency?  (Internal control procedures are defined in the Financial Accountability Handbook.) | q | q |  |
| Are processes in place to ensure that the internal control framework and procedures are reviewed and updated on a regular basis? | q | q |  |
| Are processes in place to ensure that the internal control framework and procedures are communicated to new staff and any updates to existing staff?  (e.g. induction and ongoing training) | q | q |  |
| Does the agency have a culture which places importance on internal controls and adherence to them?  (e.g. periodic executive/senior management review of the internal control framework) | q | q |  |
| **Agency Personnel** |  |  |  |
| Is the agency’s code of conduct clearly communicated to staff, including training on ethical standards? | q | q |  |
| Are the agency’s staff members informed of their responsibilities regarding: |  |  |  |
| * The Queensland Government Enterprise Architecture (e.g. access to data, computer systems and files)? | q | q |  |
| * Security over, and confidential use of, information? | q | q |  |
| Are procedures in place to investigate any unauthorised access to information, computer systems and files? | q | q |  |
| Do fairness, merit and equity drive rotation of personnel and awarding of promotions? | q | q |  |
| **Agency Personnel (continued)** |  |  |  |
| Are procedures in place for staff to report any over-ride or breach of controls? | q | q |  |
| Are there procedures in place to ensure management acts on any reported breach of controls? | q | q |  |
| **Adequacy of Internal Controls** |  |  |  |
| Has internal or external audit, in their review of system controls, identified key control areas that require further investigation? | q | q |  |
| Does a formal process exist to follow up control issues identified by external parties such as internal or external audit? | q | q |  |
| Does the formal process to follow up on control issues ensure that: |  |  |  |
| * All new controls are implemented? | q | q |  |
| * Any lack of control identified has been rectified? | q | q |  |
| Have the internal and external audit recommendations, which identified internal control weaknesses, been implemented within 12 months? | q | q |  |
| If audit recommendations have not been implemented, are there reasons for not implementing the changes or for the delay in implementation? | q | q |  |
| Are the controls over access to the agency’s information and communication technology (ICT) systems monitored and tested on a regular basis? | q | q |  |
| Does a business continuity plan, including disaster recovery plan, exist? | q | q |  |
| Is the business continuity plan regularly updated? | q | q |  |
| Do compensating controls exist in small agencies where there are insufficient staff to provide adequate segregation of duties? | q | q |  |
| Do the internal control procedures over financial processes include: |  |  |  |
| * Adequate segregation of duties? | q | q |  |
| * Appropriate approval and authorisation of payments and transactions? | q | q |  |
| **Adequacy of Internal Controls (continued)** |  |  |  |
| * Timely reconciliation of accounts and balances? | q | q |  |
| * All reconciliations reviewed and approved by a supervisor? | q | q |  |
| * Timely collection of moneys owed to the agency? | q | q |  |
| * All reconciliations, balances, expense listings and payments reviewed for unusual and high value items? | q | q |  |
| * Are appropriate processes in place to periodically assess compliance with legislation and key Government policies? | q | q |  |

## Financial Reporting Checklist

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| --- |
| The audit committee’s review of the financial statements prior to management certification is a significant function of an audit committee. The review process aims to assess whether the financial statements provide a ‘true and fair view’ of the activities of the agency for the review period and the state of its affairs at balance date.  The following is a list of example questions that the audit committee could use in discussions with agency staff and external auditors to assist the review. If deficiencies are identified, the audit committee would discuss the issues with the accountable officer or statutory body and, where appropriate, external audit. |

| **Financial Reporting** | **Yes** | **No** | **Comment** |
| --- | --- | --- | --- |
| **Timing** |  |  |  |
| Are there processes in place to ensure that the audit committee is being advised of all significant financial statement issues, on an ongoing basis throughout the year? | q | q |  |
| Are arrangements in place to ensure the financial statements are available for audit and completed within the timeframes agreed with the external auditors to ensure legislated requirements are met? | q | q |  |
| **Presentation and Disclosure** |  |  |  |
| Have any changes in the Financial Reporting Requirements and relevant accounting standards been identified and reflected in the agency’s financial statements? | q | q |  |
| Do the financial statements comply with all reporting and disclosure requirements? | q | q |  |
| **Accounting Policies** |  |  |  |
| Are accounting policies disclosed for all significant items or transactions? | q | q |  |
| If any accounting policies changed during the year: |  |  |  |
| * Are the changes in accounting policies considered appropriate? | q | q |  |
| * Are the effects of the changes in accounting policies adequately disclosed? | q | q |  |
| * Were all alternatives considered when selecting the most appropriate accounting policies? | q | q |  |
| **Content of Financial Statements** |  |  |  |
| Were significant accruals or adjusting entries made as part of the year end accounting process? | q | q |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Content of Financial Statements (continued)** |  |  |  |
| Have there been any significant post-balance date events that should be disclosed? | q | q |  |
| Has the financial impact of any outstanding contractual or legal matters been identified and reflected in the financial statements? | q | q |  |
| Has the financial impact of cross agency governance arrangements and any contractual matters been appropriately reflected in the financial statements? | q | q |  |
| Are the financial statements consistent with the audit committee’s knowledge of the agency’s ‘business’? | q | q |  |
| **Audit of the Financial Statements** |  |  |  |
| Did the actual scope of the audit differ from the pre-audit plans? | q | q |  |
| Were any significant adjustments made to the financial statements as a result of the audit? | q | q |  |
| Are there any significant areas of subjectivity in the financial statements? | q | q |  |
| Is an unqualified audit opinion expected on the agency’s financial statements? | q | q |  |
| Has the management representation letter been completed and provided to external audit? | q | q |  |
| Do any issues remain unresolved between management and external audit in relation to financial statement disclosures? | q | q |  |

## Internal Audit Checklist

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| --- |
| The audit committee acts as a forum for the internal audit function in respect of its planning, monitoring and reporting processes. 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.  The following is a list of example questions that the audit committee could ask in its assessment of the internal audit function. |

| **Internal Audit** | **Yes** | **No** | **Comment** |
| --- | --- | --- | --- |
| **Charter** |  |  |  |
| Does the Charter clearly describe the scope of work that internal audit will perform and provide appropriate authority for it to undertake its responsibilities? | q | q |  |
| Does the Charter outline the reporting lines of internal audit, including direct access to the audit committee Chair? | q | q |  |
| Is the Charter reviewed and updated on an annual basis? | q | q |  |
| **Resources** |  |  |  |
| Does internal audit have sufficient resources (funding and staffing) to carry out its responsibilities, including completion of the approved work plan? | q | q |  |
| Does internal audit have sufficient skills and expertise, including access to external assistance, to meet its responsibilities? | q | q |  |
| **Planning** |  |  |  |
| Does the internal audit plan consider past internal and external audit activity, findings and recommendations? | q | q |  |
| Is the proposed coverage in the internal audit plan linked to the agency’s documented strategic and operational risks? | q | q |  |
| Is the internal audit plan an appropriate mix between compliance and performance audits? | q | q |  |
| **Performance** |  |  |  |
| Does internal audit maintain effective liaison with external audit? | q | q |  |
| Where an internal self-assessment has occurred, have all recommendations been implemented? | q | q |  |
| Does internal audit perform annual self-assessments? | q | q |  |
| **Performance (continued)** |  |  |  |
| Has as external quality assessment been performed? | q | q |  |
| Where an external assessment has occurred, have all recommendations been implemented? | q | q |  |
| **Executive Sessions** |  |  |  |
| Has internal audit had full and unencumbered access to all agency records and information? | q | q |  |
| Has internal audit received assistance and co-operation from agency staff and management? | q | q |  |

## External Audit Checklist

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| --- |
| 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 for consideration of external audit findings to ensure they are balanced with the views of management.  The following is a list of example questions that the audit committee could use in its discussions with the external auditors. |

| **External Audit** | **Yes** | **No** | **Comment** |
| --- | --- | --- | --- |
| **Audit Coverage** |  |  |  |
| Does external audit rely on the work of internal audit? | q | q |  |
| Do external and internal audit consult regarding work plans to avoid overlap where possible? | q | q |  |
| Does the proposed audit strategy address the key risk areas for the agency? | q | q |  |
| **Relationships** |  |  |  |
| Does the Chair of the audit committee have open lines of communication with the external audit executive/partner and/or manager? | q | q |  |
| Were there any issues with the review of the client strategy that impacted on the agency timeframes for reporting requirements? | q | q |  |
| **Executive Session with External Audit** |  |  |  |
| Were any major unresolved problems encountered during the audit? | q | q |  |
| Have any disagreements between management and external audit been discussed and resolved? | q | q |  |
| Does external audit have any suggestions on how the work of the audit committee can be improved? | q | q |  |
| Is external audit satisfied that their audit recommendations have been appropriately implemented? | q | q |  |

## External Peer Review Checklist

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| --- |
| An audit committee may elect to undergo an external peer review of its performance. The external peer review should be co-ordinated so that it is performed in conjunction with the Chair’s term of office. The external peer review would be performed by individuals with knowledge of the major risks faced by the agency, as well as an understanding of how audit committees operate. The focus of the review would be the processes and procedures undertaken by the audit committee, rather than the appropriateness of the decisions made.  The effectiveness indicators and questions are intended to provide guidance to the external peer review team when assessing the key roles, responsibilities and general effectiveness of the audit committee. The external peer review team should present their findings directly to the accountable officer or statutory body.  The following are examples of effectiveness indicators and questions that the external peer review team could use to assess the performance of the audit committee. The questions would be determined by the reviewer and should be tailored to suit the particular needs and circumstances of the agency.  Note: CEO – Chief Executive Officer or Accountable Officer, CFO – Chief Finance Officer, EA – External Audit, IA – Internal Audit |

| **RATING CRITERIA** | **YES** | **NO** | **N/A** | **COMMENT** |
| --- | --- | --- | --- | --- |
| **Governance Framework** |  |  |  |  |
| Is the agency’s governance framework clearly articulated? | q | q | q |  |
| Are the audit committee’s functions and responsibilities clearly defined in its charter? | q | q | q |  |
| Are the skills, experience and personal qualities of members considered when appointing to the committee? | q | q | q |  |
| Does the committee seek input from the CEO periodically to ensure it continues to meet expectations? | q | q | q |  |
| **Audit Committee Roles & Responsibilities** |  |  |  |  |
| Is the composition of the audit committee appropriate to the size, complexity and nature of the agency’s operational and control environment? | q | q | q |  |
| Does the audit committee act as a forum for communication between CEO, senior management, external audit and internal audit? | q | q | q |  |
| Is the workload of the committee focused on assisting the CEO to discharge the CEO’s responsibilities?  (for example, does it play an oversight role rather than perform ‘ad hoc’ functions?) | q | q | q |  |
| Does the audit committee provide prompt, constructive and objective advice to the CEO where issues of material risk or threat to the agency are identified? | q | q | q |  |
| **Risk Management** |  |  |  |  |
| Is there common membership between the risk management committee and the audit committee? | q | q | q |  |
| If not, does the audit committee receive minutes or regular updates from the risk management committee? | q | q | q |  |
| **Risk Management (continued)** |  |  |  |  |
| Does the agency have a framework to identify and manage financial and business risks, including fraud? | q | q | q |  |
| Are mechanisms in place to ensure significant risks are reported to the CEO in a timely manner? | q | q | q |  |
| **Internal Control Framework** |  |  |  |  |
| Has the audit committee gathered information from management to evaluate the agency’s internal control environment? | q | q | q |  |
| Is there a system in place for assessing and continuously improving internal controls related to significant risks? | q | q | q |  |
| Do controls exist to identify changes to design or implementation of internal controls? | q | q | q |  |
| **Financial Reporting** |  |  |  |  |
| Is the audit committee advised, on an ongoing basis throughout the year, of significant issues which may impact on the financial statements? | q | q | q |  |
| If so, does the audit committee seek assurance from management that issues are adequately addressed in a timely manner? | q | q | q |  |
| Does the committee review the financial statements, provide advice on action taken in response to audit recommendations and adjustments, and recommend the CEO sign the accounts? | q | q | q |  |
| Does the audit committee review processes to ensure alignment between annual report and financial statements data? | q | q | q |  |
| **Internal Audit (IA)** |  |  |  |  |
| Does a direct line of reporting exist between IA and the CEO? | q | q | q |  |
| Do direct lines of communication exist between IA and the audit committee? | q | q | q |  |
| Does the audit committee oversee and advise the CEO on the IA strategic and operational plans, and whether they are delivering a cost-effective audit cover? | q | q | q |  |
| Does the audit committee monitor and critique management’s implementation of IA recommendations? | q | q | q |  |
| Does the audit committee formally review the performance of IA annually? | q | q | q |  |
| Does the audit committee invite IA to audit committee meetings when considered appropriate? | q | q | q |  |
| **External Audit (EA)** |  |  |  |  |
| Does the audit committee actively engage with EA throughout the year? | q | q | q |  |
| Does the audit committee invite EA to audit committee meetings when considered appropriate? | q | q | q |  |
| Does the audit committee have input into the agency’s responses to proposed and final audit reports? | q | q | q |  |
| **Legislative and Regulatory Compliance** |  |  |  |  |
| Does the audit committee monitor the agency’s consideration and implementation of Economics and Governance Committee, Crime & Corruption Commission, Ombudsman and other external reports and recommendations? | q | q | q |  |
| Does the audit committee review systems for monitoring compliance with relevant laws, regulations and associated government policies? | q | q | q |  |
| Are cross-agency governance arrangements in place, and if so, are they appropriate and adequate? | q | q | q |  |
| **Membership of the Audit Committee** |  |  |  |  |
| Is the Chair of the audit committee independent from management and not an employee of the agency or another Queensland government entity? | q | q | q |  |
| Is the Chair of the audit committee appointed by the CEO based on relevant skills/experience?  (i.e. ability to lead discussion, knowledge of business, committed to continuous improvement, etc.) | q | q | q |  |
| Does the audit committee membership exclude officers of the agency who undertake an executive role in areas subject to the audit committee’s scope of review? | q | q | q |  |
| Can the audit committee act independently of line management and bring objectivity to its deliberations? | q | q | q |  |
| Are the CEO/CFO invited to attend meetings as observers? | q | q | q |  |
| Do all audit committee members have direct access to the CEO and free access to anyone in the agency? | q | q | q |  |
| **Induction of the Audit Committee Members** |  |  |  |  |
| Is there a formal process to induct new members to provide them with sufficient briefings and information to understand their responsibilities and the expectations of the CEO and the Chair of the audit committee? | q | q | q |  |
|  |  |  |  |  |
| **Continuing Education of Audit Committee Members** |  |  |  |  |
| Is further education provided to members in areas such as risk management, legal compliance and financial reporting? | q | q | q |  |
| Has the audit committee requested presentations from management on specific topics to improve understanding? | q | q | q |  |
| **Rotation of Audit Committee Members** |  |  |  |  |
| Is there a staggered approach to rotation of members to prevent significant reduction in knowledge/skills base at any one time? | q | q | q |  |
| Is any extension of tenure on the audit committee approved only after the member’s performance has been assessed? | q | q | q |  |
| **Key Relationships** |  |  |  |  |
| Does the audit committee seek a briefing, at least once a year, from the CEO on strategic internal and external developments impacting on the agency?  (e.g. emerging risks, significant projects, legislative changes and major policy developments) | q | q | q |  |
| Does the audit committee contribute to strong relationships with management by having senior managers attend meetings as an observer, if appropriate, and provide senior managers with a copy of the minutes of all audit committee meetings? | q | q | q |  |
| Does the audit committee have an executive session with the agency staff who prepare financial reports to facilitate frank and open discussions? | q | q | q |  |
| Does the audit committee schedule an executive session with external audit to ask questions and seek feedback without management present? | q | q | q |  |
| Does the audit committee have an executive session with IA at scheduled meetings during the year to allow open communication without management present? | q | q | q |  |
| **Conduct of the Audit Committee** |  |  |  |  |
| Does the audit committee have an annual work plan of items for discussion to ensure all requirements of the Charter receive coverage? | q | q | q |  |
| Do the minutes contain sufficient information to allow an assessment of the effectiveness of the audit committee to be made? | q | q | q |  |
| Does the audit committee focus on the most relevant risks as highlighted by internal and external audit functions? | q | q | q |  |
| Is the audit committee’s role and activities reported in the agency’s annual report? | q | q | q |  |
| **Conduct of the Audit Committee (continued)** |  |  |  |  |
| Does the audit committee disclose and effectively deal with conflicts of interest?  (e.g. is a conflicts of interest register maintained? Are conflicts of interest disclosed as a standing agenda item?) | q | q | q |  |
| Do audit committee members obtain access to, and if applicable, training on the agency’s code of conduct? | q | q | q |  |
| Do audit committee members receive all the committee papers in sufficient time prior to each meeting to enable them to be thoroughly reviewed? | q | q | q |  |
| **Assessment of Committee Performance** |  |  |  |  |
| Does the audit committee undergo an annual self-assessment? | q | q | q |  |
| If the audit committee does not undergo an annual self-assessment, has the accountable officer or statutory body evaluated the need for a self-assessment? | q | q | q |  |
| Does the audit committee periodically undergo an external review?  (e.g. in line with the Chair’s term of office) | q | q | q |  |
| If the audit committee does not periodically undergo an external review, has the accountable officer or statutory body assessed the need for an external peer review? | q | q | q |  |
| Does the audit committee annually review its Charter and its achievement against that Charter? | q | q | q |  |
| **Assessment of Member Performance** |  |  |  |  |
| Is there a formal evaluation process of the performance of individual members? | q | q | q |  |
| Are individual members provided with feedback and access to additional training to address performance issues? | q | q | q |  |

Reviewed by ……………………………………………………………………….

Tabled at Committee meeting on ……………………………………………

# Questionnaires

## Audit Committee Self-Assessment Questionnaire

|  |
| --- |
| An audit committee should assess its performance and achievements against its charter and workplan on an annual basis. This can be done in several different ways including the use of an external facilitator, by the Chair during an evaluation discussion meeting with stakeholders, by having members complete the questions individually and/or anonymously or by having the questions completed by the committee as a whole. Regardless of the method chosen, the self-assessment process should assist the committee to identify its strengths and weaknesses and recognise areas for future improvement. The results of the self-assessment should be provided to the accountable officer or statutory body for review and feedback.  The following are example questions that could be asked on a self-assessment questionnaire. This is not an exhaustive list of possible questions. The questions should be tailored to suit the needs and circumstances of the agency and should be based on the audit committee charter and annual workplan. The questions provide guidance to the audit committee when assessing the key roles, responsibilities and general effectiveness of the audit committee. Any weaknesses should result in an action plan to improve performance to an acceptable level. |

| **CRITERIA** | **COMPLY**  **Yes / No N/A** | **EVALUATION**  **1 Poor – 5 Good** | **ACTION REQUIRED**  **(i.e. if an evaluation of 1 or 2 action should be taken)** |
| --- | --- | --- | --- |
| **Charter** |  |  |  |
| Is the charter reviewed at least annually? |  | 1 2 3 4 5 |  |
| Does the charter ensure the committee contains the required number of independent members and that any external members have independence from the management of the agency? |  | 1 2 3 4 5 |  |
| **Authority and Independence** |  |  |  |
| Is the committee able to request the attendance of all relevant employees at meetings and to obtain information it considers necessary? |  | 1 2 3 4 5 |  |
| Is the committee able to engage consultants or other external experts to assist its activities? |  | 1 2 3 4 5 |  |
| Does the committee have direct access to the external and internal auditors? |  | 1 2 3 4 5 |  |
| **Role** |  |  |  |
| Has the role of the committee been clearly defined and communicated to all committee members? |  | 1 2 3 4 5 |  |

| **CRITERIA** | **COMPLY**  **Yes / No N/A** | **EVALUATION**  **1 Poor – 5 Good** | **ACTION REQUIRED**  **(i.e. if an evaluation of 1 or 2 action should be taken)** |
| --- | --- | --- | --- |
| **Understanding the Agency** |  |  |  |
| Does the committee have sufficient understanding and appreciation of the agency’s:   * risk management framework? * internal controls to mitigate significant risks? * financial and statutory reporting requirements? * legislative and policy compliance arrangements? |  | 1 2 3 4 5 |  |
| Does the committee receive appropriate updates on existing and emerging risks, and developments in the areas of:   * auditing and accounting standards? * financial reporting? * the environment in which the agency operates? |  | 1 2 3 4 5 |  |
| **Duties and Responsibilities** |  |  |  |
| Are the duties and responsibilities of the audit committee reviewed at least annually with the accountable officer or statutory body to ensure that the work of the committee is aligned with agency needs? |  | 1 2 3 4 5 |  |
| During the past twelve months, did the committee adequately address all its responsibilities as detailed in the charter and workplan? |  | 1 2 3 4 5 |  |
| **Financial Statements** |  |  |  |
| Has the audit committee obtained sufficient information to understand the key financial issues such as the application of critical accounting policies and disclosures, and the nature of complex transactions? |  | 1 2 3 4 5 |  |
| Does the committee request information from the external auditor on any significant disagreements with management and material audit adjustments? |  | 1 2 3 4 5 |  |
| Does the committee formally assess whether the draft financial statements are complete and consistent with information known to the committee? |  | 1 2 3 4 5 |  |
| **Risk Management** |  |  |  |
| Does the committee monitor the continued effectiveness of the agency’s risk management? |  | 1 2 3 4 5 |  |
| Does the committee ensure senior management accountability for risk management through the ongoing effectiveness of the risk management system? |  | 1 2 3 4 5 |  |
| Does the committee review the resources provided for risk management to ensure they are adequate? |  | 1 2 3 4 5 |  |

| **CRITERIA** | **COMPLY**  **Yes / No N/A** | **EVALUATION**  **1 Poor – 5 Good** | **ACTION REQUIRED**  **(i.e. if an evaluation of 1 or 2 action should be taken)** |
| --- | --- | --- | --- |
| **Internal Control** |  |  |  |
| Is the committee aware of the internal control framework for major risk areas within the agency? |  | 1 2 3 4 5 |  |
| Is the committee aware that the work of internal and external audit cannot be relied upon to detect control weaknesses, errors and other irregularities? |  | 1 2 3 4 5 |  |
| Does the committee seek assurance from management that the internal control structure is adequate and effective? |  | 1 2 3 4 5 |  |
| Are processes in place to assess, at least annually, whether policies/procedures are complied with (including the management and exercise of delegations)? |  | 1 2 3 4 5 |  |
| **Management Input** |  |  |  |
| Does the committee receive useful information from management in respect of:   * risk identification and assessment, including the process to identify entity risks for possible financial reporting implications? * the internal control framework designed by management to identify and mitigate risks, including fraud risks? * arrangements established by management to ensure compliance with legislation and whole of government policy and internal policies? * financial reporting processes and requirements? |  | 1 2 3 4 5 |  |
| **Internal Audit** |  |  |  |
| Does the committee review and make recommendations to the accountable officer or statutory body about the internal audit plan? |  | 1 2 3 4 5 |  |
| Does the committee appropriately review and make recommendations to the accountable officer or statutory body on any significant changes to the internal audit plan? |  | 1 2 3 4 5 |  |
| Does the committee review the resources provided for internal audit to ensure they are adequate? |  | 1 2 3 4 5 |  |
| Does the audit committee review the internal audit report and recommendations to ensure appropriate action is being taken by management? |  | 1 2 3 4 5 |  |
| Does the committee review the internal audit charter to ensure that appropriate structures, authority, access and reporting arrangements are in place? |  | 1 2 3 4 5 |  |
| Does the committee consider the performance of internal audit? |  | 1 2 3 4 5 |  |
| **External Audit** |  |  |  |
| Does the committee inquire into the degree of coordination between external and internal audit to determine reasons for any material overlap of functions? |  | 1 2 3 4 5 |  |
| Does the committee consider and understand the external audit plan? |  | 1 2 3 4 5 |  |
| Does the committee review external audit reports and management letters and consider management responses to findings and recommendations? |  | 1 2 3 4 5 |  |
| Does the committee provide input and feedback on external audit coverage and performance? |  | 1 2 3 4 5 |  |
| Does the audit committee actively engage with the external auditors throughout the year? |  | 1 2 3 4 5 |  |
| Does the committee monitor and review management’s responses to external audit findings and recommendations to ensure appropriate action is taken? |  | 1 2 3 4 5 |  |
| **Compliance** |  |  |  |
| Does the committee have a clear understanding of where responsibility lies for compliance with all of the relevant laws and regulations; and has this been documented in the Charter? |  | 1 2 3 4 5 |  |
| Does the committee monitor compliance with relevant laws and regulations by the agency as a whole? |  | 1 2 3 4 5 |  |
| **Reporting** |  |  |  |
| Does the committee submit an annual report to the accountable officer or statutory body on its activities? |  | 1 2 3 4 5 |  |
| Are the requirements of the Annual Report Requirements for Queensland Government Agencies included in the agency Annual Report? |  | 1 2 3 4 5 |  |
| Does the committee submit an annual Composition Report to the accountable officer or statutory body on its compliance with committee composition requirements as set out in the Audit Committee Guidelines? |  | 1 2 3 4 5 |  |
| **Membership** |  |  |  |
| Have all committee members been briefed on their roles and responsibilities in a Letter of Appointment? |  | 1 2 3 4 5 |  |
| Is the Chair and majority of members independent of the Queensland state government? |  | 1 2 3 4 5 |  |
| Does the committee possess an appropriate mix of skills and knowledge and have at least one member who has:   * financial expertise? * industry expertise? |  | 1 2 3 4 5 |  |
| Is membership consistent with diversity requirements? |  | 1 2 3 4 5 |  |
| Has the committee been sufficiently probing and challenging in its deliberations? |  | 1 2 3 4 5 |  |
| Do committee members participate in some form of continuing education to stay abreast of changes in the financial accounting and reporting, regulatory and ethics areas? |  | 1 2 3 4 5 |  |
| **Meetings** |  |  |  |
| Do all members attend and actively contribute at meetings? |  | 1 2 3 4 5 |  |
| Does the committee meet at the right time of the year to properly discharge its duties? |  | 1 2 3 4 5 |  |
| Are audit committee meetings long enough to cover all agenda items? |  | 1 2 3 4 5 |  |
| Are the committee agenda and supporting papers of sufficient clarity and quality to make informed decisions? |  | 1 2 3 4 5 |  |
| Do the audit committee members participate in the development of an annual work plan and agenda to ensure that responsibilities are met? |  | 1 2 3 4 5 |  |
| Is the agenda prepared and distributed to all members with sufficient background information and time for review in advance of the meeting? |  | 1 2 3 4 5 |  |
| Are committee meetings well run and productive? |  | 1 2 3 4 5 |  |
| Are committee minutes appropriately maintained and of good quality? |  | 1 2 3 4 5 |  |
| **Relationships** |  |  |  |
| Does the committee meet privately with internal and external audit? |  | 1 2 3 4 5 |  |
| Does the committee spend sufficient time discussing issues privately? |  | 1 2 3 4 5 |  |
| Does the committee have a productive working relationship with:   * internal audit? * external audit? * management? |  | 1 2 3 4 5 |  |

| **CRITERIA** | **COMPLY**  **Yes / No N/A** | **EVALUATION**  **1 Poor – 5 Good** | **ACTION REQUIRED**  **(i.e. if an evaluation of 1 or 2 action should be taken)** |
| --- | --- | --- | --- |
| **Other** |  |  |  |
| Does the committee have any suggestions to improve the committee’s functioning, performance or processes? |  |  |  |

Reviewed by ……………………………………………………………………….

Tabled at Committee meeting on ………………………………………………..

## Sample Management Feedback Questionnaire

|  |
| --- |
| An audit committee may elect to seek feedback on its performance from the agency’s senior management. This could be from the accountable officer/statutory body or a board of management.  The following is a list of example questions that the audit committee could use to seek feedback from management. |

| **Criteria** | **Yes** | **No** | **N/A** | **Comment** |
| --- | --- | --- | --- | --- |
| Are communications to you about the committee’s deliberations and activity of an appropriate quality?   * Minutes * Verbal briefings | q | q | q |  |
| Are you well informed, on a sufficiently timely basis, of the committee’s deliberations and activity? | q | q | q |  |
| Do you consider the committee adds value to you and the department? | q | q | q |  |
| How would you assess the committee’s overall performance?  (poor 1 – good 5) | 1 2 3 4 5 | | |  |
| Do you have any suggestions to improve the committee’s functioning, performance or processes? | q | q | q |  |

# Other Resources

## List of Training Resources to Assist Audit Committee Members

| The following is a list of links to training resources which may be of use to the audit committee. |
| --- |
| **Queensland Audit Office (QAO)**   * QAO provides bi-annual briefing for public sector audit committee chairs and technical updates.   <https://www.qao.qld.gov.au/reports-resources/events> |
| **Australian Institute of Company Directors (AICD)**   * AICD provides updates, courses and programs on governance, risk and finance including the Company Directors Course. Courses include how to interpret financial statements, and understanding role, and responsibility of boards.   <https://www.aicd.com.au/courses-and-programs.html> |
| **The Institute of Internal Auditors, Australia (IIA)**   * IIA provides courses and programs including Audit Committee Training which focuses on the professional development needs of audit committees.   <https://www.aicd.com.au/courses-and-programs.html> |
| **Institute of Public Administration Australia (IPAA)**   * IPAA provides professional development and events tailored for the public sector.   <https://qld.ipaa.org.au/whats-on/> |
| **Interdepartmental Accounting Group (IAG)**   * IAG provides training and networking opportunities for public sector finance staff including an annual IAG conference.   <https://na.eventscloud.com/website/35422/> |
| **Queensland Parliament**   * Queensland Parliament holds seminars on parliamentary and government processes including executive powers, budget and estimate processes. Queensland Parliament also provides programs for regional Queenslanders.   <https://www.parliament.qld.gov.au/Visit-and-learn/Education/Programs/Professional-Programs> |
| **Other**   * Professional bodies such as Certified Practicing Accountants Australia and Chartered Accountants in Australia and New Zealand have a range of governance and accountability training which may assist audit committee members.   <https://www.cpaaustralia.com.au/>  <https://www.charteredaccountantsanz.com/> |

## Links to Useful Websites

| The following is a list of links to websites which may be of use to the audit committee. |
| --- |
| **Queensland Audit Office resources**  <https://www.qao.qld.gov.au/reports-resources/better-practice>   * Key elements of an effective audit committee * Financial statement maturity model self-assessment tool * Fraud risk assessment and planning tool * Risk management maturity model |
| **Audit Committee Toolkits and Publications**   * Australian National Audit Office – Public Sector Audit Committees – Independent Assurance and Advice for Chief Executives and Boards   <http://www.anao.gov.au/Publications/Better-Practice-Guides>   * KPMG – Audit Committee Institute   <https://home.kpmg/au/en/home/services/audit/audit-committee-institute.html>   * American Institute of CPA – Audit Committee Toolkits   <https://www.aicpa.org/forthepublic/auditcommitteeeffectiveness/toolkits.html>   * Deloitte – Centre for Corporate Governance   <http://www.corpgov.deloitte.com/site/caneng/>   * PricewaterhouseCoopers – Audit Committee Guide   <https://www.pwc.com.au/publications/audit-committee-guide.html> |
| **Risk Management Publications**   * Queensland Treasury – Financial Accountability Framework   <https://www.treasury.qld.gov.au/resource/overview-queenslands-financial-accountability-framework/>   * Queensland Treasury – A Guide to Risk Management   <https://www.treasury.qld.gov.au/resource/guide-risk-management/> |
| **Internal Control Publications**   * Queensland Treasury – Financial Accountability Handbook   <http://www.treasury.qld.gov.au/office/knowledge/docs/financial-accountability-handbook/index.shtml>   * The Committee of Sponsoring Organisations of the Treadway Commission   <https://www.coso.org/Pages/default.aspx> |
| **Performance Management Publications**   * Department of the Premier and Cabinet – Performance Management Framework Policy   <https://www.forgov.qld.gov.au/manage-government-performance> |
| **Remuneration of External Audit Committee Members**   * Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies   <https://www.qld.gov.au/__data/assets/pdf_file/0025/39481/remuneration-procedures.pdf> |
| **Assessment of Audit Committee Performance**   * UK National Audit Office – Audit Committee Self-Assessment Checklist   <https://www.nao.org.uk/report/audit-committee-self-assessment-checklist-2-2/>   * Deloitte – Audit Committee Performance Evaluation   <http://www.corpgov.deloitte.com/site/us/audit-committee/performance-evalutions/> |
| **Other Publications and Websites**   * ASX – Corporate Governance   <https://www.asx.com.au/about/corporate-governance.htm>  Institute of Internal Auditors – Australia  <http://www.iia.org.au/> |

1. ^ Tailor to suit individual circumstances of appointee [↑](#footnote-ref-2)