



## STATE LIBRARY OF QUEENSLAND

### AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

#### 1. THE CHARTER

This document, to be known as the Audit and Risk Management Committee Charter (Charter) of the State Library of Queensland (State Library) has been approved by the Library Board of Queensland (Library Board).

The purpose of this Charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Management Committee (the Committee) in accordance with the *Financial and Performance Management Standard 2019 S30(2)*.

#### 2. AUTHORITY AND INDEPENDENCE

The Committee has no executive powers, unless delegated to it by the Library Board.

The Committee is a Committee of the Library Board and is directly responsible to the Library Board. 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 State Library for such purpose.
- Request the attendance of any employee, including executive staff, at Committee meetings.
- Conduct meetings with State Library internal and external auditors, as necessary.
- Seek advice from external parties, as necessary.

#### 3. ROLE

The role of the Committee is to provide independent assurance and assistance to the Library Board on:

- the risk, control and compliance frameworks.
- State Library's external accountability responsibilities as prescribed in the *Libraries Act 1988*.
- other matters as appropriate to State Library.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of the executive team within State Library, 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 Library Board, particularly when issues are identified that could present a material or reputational risk or threat to State Library.

#### **4. DUTIES AND RESPONSIBILITIES**

The Committee is directly responsible and accountable to the Library Board 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 State Library rests with the Library Board. The Committee's duties and responsibilities are to:

##### **(a) Financial Statements**

- Review the appropriateness of accounting policies.
- Review State Library's draft annual financial statements prior to their provision to the external auditors including for compliance with relevant accounting standards and other relevant policies.
- Review the appropriateness of significant assumptions made by management in preparing 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.
- Ensure there is proper explanation for any unusual transactions or trends or variations from budget.
- Ensure that assurance is given by management with regard to the integrity of the financial statements and with regard to the financial records and systems of risk management and internal compliance and control, to the Library Board of Queensland.

##### **(b) Risk Management, Fraud and Corruption Control**

- Review the risk management framework for identifying, monitoring and managing significant business risks, including fraud.
- Satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate.
- Liaise with management to ensure there is a common understanding of the key risks to State Library. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date.
- Assess and contribute to the audit planning processes relating to the risks and threats to State Library.
- Review the effectiveness of State Library's processes for identifying and escalating risks, particularly strategic risks.
- Determine whether there are adequate responsibility structures in place, with roles, responsibilities and accountabilities clearly defined for fraud and corruption control.

##### **(c) Governance and 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 State Librarian and Chief Executive Officer, whether the financial internal controls are operating efficiently, effectively and economically. Assist the Library Board to ensure appropriate corporate governance is in place with respect to the scope of its remit.

#### **(d) Performance Management**

- Review State Library's compliance with the performance reporting requirements of the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009* and the Annual Report Guidelines for Queensland Government Agencies.
- Review whether performance management systems in place reflect State Library's stated purpose "to contribute to the cultural, social and intellectual development of all Queenslanders" and objectives as stated in State Library's strategic plan).
- Ensure that performance reporting and information uses appropriate benchmarks, targets and trend analysis.

#### **(e) Internal Audit**

- Make recommendations to the Library Board on the effectiveness and independence of internal audit function. 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 plan for the coming year to ensure that it covers key risks and that there is appropriate co-ordination with the external auditor.
- Review the findings and recommendations of internal audit and the response to them by management.
- Review the implementation of internal audit recommendations accepted by management.
- Manage the internal audit budget to ensure services are received as agreed under the Service Level Agreement.

#### **(f) External Audit**

- Consult with external audit on the function's proposed audit strategy and audit plan for the year.
- Review and confirm the independence of the external audit provider by obtaining statements from the provider detailing relationships between the auditor and the State Library (including non-audit services) and discussing these relationships with the auditor.
- Review the findings and recommendations of external audit and the response to them by management.
- Review responses provided by management to ensure they are in line with State Library's risk management framework.
- Review the implementation of external audit recommendations accepted by management.
- Encourage internal and external audit functions to minimise any overlap between their respective roles and responsibilities.

#### **(g) Compliance**

- Determine whether management has considered legal and compliance risks as part of State Library's risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring State Library's compliance with relevant laws, regulations and government policies.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review and monitor the propriety of related party transactions.

## **(h) Reporting**

- Submit regular reports to the Library Board outlining relevant matters that have been considered by it as well as the Committee's opinions, decisions and recommendations (can be verbal).
- Circulate minutes of the Committee meetings to the Library Board.
- Submit a summary of its activities for inclusion in the State Library Annual Report.

## **5. MEMBERSHIP AND MEETINGS**

### **(a) Membership**

- Members, including the Chair, are appointed by the Library Board.
- Membership of the Committee will consist of a minimum of three and a maximum of six (unless otherwise determined by the Library Board).
- Consideration will be given to increasing the number of independent members over time.
- At least one member will have "financial expertise" as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance* December 2009.
- It is preferable to have at least one member who has expertise in the library and information sector.
- The term of appointment is generally for three years, or for the remainder of the appointment, and can be extended for further terms subject to the composition and skill requirements of the Committee. The maximum period of membership is 3 terms.
- 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 where they are external members.
- The State Librarian and Chief Executive Officer is invited to attend meetings as an observer.

### **(b) Chair**

- The Chair will be appointed by the Library Board.
- The Chair will be external to State Library or if internal to State Library will be a person independent of the areas within the Committee's scope of review and independent of line management and day to day operations of State Library.
- The Chair will possess sound communication and strong leadership skills.

### **(c) Executive Support**

- An executive support function will be appointed by the Library Board to facilitate the Committee's meetings and reporting duties.
- The executive officer (assisted by an assistant executive officer), in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the Committee.
- The executive officer will table all correspondence, reports and other information relevant to the Committee's activities and operations.

### **(d) 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.

#### **(e) Meetings and attendance**

- The Committee will meet at least three to four times per year and the schedule of meetings will be agreed in advance.
- A quorum will consist of a majority of members.

#### **(f) Meeting Agenda**

- The Committee shall 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 three working days before the meetings.

### **6. RELATIONSHIPS**

#### **(a) 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 State Library internal audit function operates effectively, efficiently and economically.

- The internal auditor will have a standing invitation to attend Committee meetings.
- The chair and an independent member will hold executive sessions with internal audit at least annually, or more often if required.

#### **(b) 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 Queensland Audit Office (or delegate) will have a standing invitation to attend Committee meetings, except for Library Board member and management only sessions.
- The Chair and an independent member will hold executive sessions with external audit, if required.

#### **(c) Other Executive Management Committees**

The Committee shall liaise with the Library Board's advisory groups and the executive team as required, to ensure:

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

### **7. EVALUATION OF COMMITTEE ACTIVITIES**

- The Committee will undertake an annual self-assessment of its performance for the previous twelve months, unless otherwise determined by the Committee, which will be minuted.
- The Committee will provide a report of the annual review outcomes to the Library Board.

- Periodically the Committee may arrange for an external peer review of its operations and activities. The results of this review are to be provided directly to the Library Board.
- Periodically the Chair may provide each individual member with feedback on that person's contribution to the Committee's activities. This assessment will include a review of any training needs of the member.

## 8. REVIEW OF THE CHARTER

- The Charter will be reviewed biennially 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 the Library Board.

## 9. APPROVAL OF THE CHARTER

The Charter was approved by resolution by the Library Board on 12 February 2020.

**RES/2020/08**

### Version History

Version number	Revision date	Revisions
1	22 June 2009	Replaced previous Terms of Reference and Charter
2	8 December 2011	Revised to reflect legislative changes and minor changes to operational practices as part of biennial review
3	25 August 2015	Minor edits for updated terminology
4	23 August 2016	Minor edits
5	17 August 2017	Update to include State Librarian and CEO as an observer and change review of the Charter from annual to biennial
6	3 October 2019	Update to make reference to State Library rather than generic "agency" Update to include reference to latest Financial and Performance Management Standard (2019)
7	12 February 2020	Updates to duties and responsibilities