



Audit and Risk Management Committee Charter

1. PRIMARY OBJECTIVE

The Audit and Risk Management Committee (**the Committee**) is a committee of the Board of Directors of Port of Townsville Limited (**POTL**).

The primary objective of the Committee is to assist the Board of Directors in fulfilling its responsibilities prescribed in the *Financial Accountability Act 2009* (Qld), *Corporations Act 2001* (Cth) and other relevant legislation and prescribed requirements by providing independent comment, advice and counsel to the Board of Directors on matters considered by the Committee at its regular meetings.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within POTL, or the reporting lines and responsibilities of either the internal audit or external audit functions. The Committee does not have executive power with regard to its findings and recommendations.

2. DUTIES AND RESPONSIBILITIES

The Committee shall consider any matters relating to the integrity of governance controls, audit and risk management practices of POTL. In addition, the Committee shall examine any other matters referred to it by the Board of Directors.

Specific duties and responsibilities of the Committee include:-

- Assess and contribute to the audit planning processes relating to the risks and threats to POTL, taking into account the financial and operational environment in which it operates and its performance management framework.
- Assess and enhance POTL's corporate governance, including its systems of internal control and the internal audit function.
- Evaluate the quality of, and facilitate the practical discharge of the internal audit function, particularly in respect of planning, monitoring and reporting.
- Through the internal audit function, oversee and appraise POTL's financial and operational reporting process.
- Monitor and evaluate the risk management systems in place to protect POTL, including reviewing the adequacy of insurance policies in place.
- Monitor and evaluate the effectiveness of POTL's compliance framework to ensure compliance with applicable laws, regulations, standards and best practice guidelines.

Other key responsibilities of the Committee, through the respective audit functions, are to assist the Board of Directors with discharging the responsibilities of "due care and diligence" in relation to:-

- the delivery of POTL's outputs efficiently, effectively and economically to obtain optimal value for money;
- optimising POTL's performance in terms of quality, quantity, timeliness, costs and where appropriate, location;
- reporting POTL's financial and operational information to the users of its reports in a relevant, reliable and timely manner;
- ensuring the relevant Australian Accounting Standards, Statements of Accounting Concepts, Urgent Issues Group Abstracts, the Treasurer's Minimum Reporting Requirements for Government Departments, Queensland Treasury's Accounting Policy Guidelines and Cost-Effective Internal Control guidelines and like policy documents are applied; and
- ensuring the integrity and consistency of POTL's corporate culture relative to ethical conduct and probity, including in relation to its tendering, contracting and other procurement processes.

In the discharge of its responsibilities the Committee must provide prompt and constructive advice, and report its findings to the Board of Directors, particularly where issues are identified that could present a material risk or threat to POTL.

© Port of Townsville Limited A.C.N 130 077 673	Document Type	Policy	Document No.	POT 1097
Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	0
			Date	22/04/2015
			Page	1 of 5

In the discharge of its responsibilities, the Committee will provide reasonable assurance to the Board of Directors that POTL's core business goals and objectives are being achieved in an efficient and economical manner, within an appropriate framework of internal control and risk management. The discharge of these responsibilities principally involves the consideration of audit and audit-related findings, including in respect of performance management.

In the assessment of audit findings, the Committee must take into account management's responses and recommendations in relation to such matters.

POTL's Board of Directors, senior management and employees will assist the Committee in the discharge of its duties and responsibilities by providing access to POTL's documents, records and physical property as may be required to undertake its role. The Committee is free to review and appraise policies, plans, procedures, records and methods of operation and to seek information from employees appropriate to fulfilling Committee duties and responsibilities.

3. RELATIONSHIP WITH 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 ensures that POTL's internal audit function operates effectively, efficiently and economically.

In its review of the internal audit function, the Committee must review: -

- the adequacy of the internal audit charter;
- the structure, qualification requirements, professionalism, ethical practices and training needs of internal audit;
- internal audit strategic and operational plans to ensure an optimum, cost-effective audit cover;
- the performance of internal audit relative to its annual audit plan; and
- the findings of internal audit and the actions proposed to be taken by executive management, including an assessment that the proposed solution is the most appropriate and cost-effective.

To the extent practicable, the Committee will ensure that there is no material overlap between the internal and external audit functions.

In relation to its assessment of the internal audit function, the Committee will review and advise the Board of Directors as to the adequacy of: -

- the internal audit charter;
- the internal audit strategic and operational audit plans;
- organisation and resourcing;
- skills and training needs; and
- the satisfactory and timely performance against the operational plans of internal audit.

The Committee will satisfy itself that internal audit has complied with the professional standards issued by the Institute of Internal Auditors – Australia..

4. RELATIONSHIP WITH LINE MANAGEMENT

The role of the Committee with respect to line management will focus on whether the actions proposed to address audit and risk management concerns are satisfactory and cost-effective, and will enhance the effectiveness and efficiency with which POTL delivers its outputs and contributes to whole of Government priorities.

5. RELATIONSHIP WITH EXTERNAL AUDIT

The Queensland Auditor-General holds statutory appointment as auditor of all public sector entities and is responsible for reporting independently to Parliament on the discharge of that Corporation's statutory obligations.

The Auditor-General is empowered under the *Financial Accountability Act 2009* (Qld) to undertake audits of POTL in any way that the Auditor-General considers appropriate, taking into account the character of the relevant internal control systems of POTL, including the internal audit function.

© Port of Townsville Limited A.C.N 130 077 673	Document Type	Policy	Document No.	POT 1097
Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	0
			Date	22/04/2015
			Page	2 of 5

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 Committee will consult with external audit on that function's proposed audit strategy and audit fees for each year and ensure that a timely and effectively audit process occurs, to the extent practicable.

6. COMMITTEE MEMBERSHIP

The Chairperson of the Board will appoint at least three (3) Directors to serve as members of the Committee. The Chairperson of the Board may vary appointments to the Committee at any time and as he/she sees fit. The Chairperson of the Board may approve, from time to time, the appointment to the Committee of up to two (2) members external to POTL. The Chairperson of the Board shall be an ex-officio member of the Committee, if not already a member.

When considering membership appointments, the Chairperson of the Board will consider rotation of members to facilitate the input of new ideas, while retaining some degree of continuity via a core of experience.

Collectively, the Committee shall possess:

- a thorough understanding of the core activities of POTL and the environment in which it operates, including its strengths, weaknesses, opportunities and threats;
- a commitment to the continual improvement of the outputs that POTL delivers;
- strong business acumen and management skills;
- a high level of understanding of best practice internal control, risk management and corporate governance;
- a sound knowledge of information systems and emerging technology;
- a high level of competency in financial and operational reporting and the ability to analyse complex financial reports, including POTL's Operating Statement, Statement of Financial Position, Cash Flow Statement and Notes to and forming part of those statements;
- an inquiring attitude, objectivity and independence; and
- a strong, demonstrated sense of probity and ethical conduct.

To maintain independence, membership of the Committee shall not include representatives from internal or external audit or the person(s) responsible for POTL's financial management, although such representatives may be invited to attend Committee meetings and provide technical and other advice to the Committee.

When considering membership appointments, the Board of Directors will consider rotation of members to facilitate the input of new ideas, while retaining some degree of continuity via a core of experience.

Committee Chairperson

The Chairperson must be a Board Director.

If the Chairperson is not present or is unwilling to act, the Committee must appoint a Committee member who is also a Board Director to chair the meeting.

Committee Secretary

A Secretary will be appointed by the Chief Executive Officer to facilitate the Committee's meetings and reporting duties. This person will not be a representative of either the internal or external audit functions or the person(s) responsible for the key financial operations of POTL.

The Secretary will be responsible for the preparation and circulation of the meeting agenda and accurately minuting all decisions of the Committee in consultation with the Committee Chairperson. The Secretary will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Committee's activities and operations.

7. ETHICAL PRACTICES

Members of the Committee will, at all times in the discharge of their duties and responsibilities, exercise honesty, objectivity and probity and not engage knowingly in acts or activities that have the potential to bring discredit to POTL.

© Port of Townsville Limited A.C.N 130 077 673	Document Type	Policy	Document No.	POT 1097
Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	0
			Date	22/04/2015
			Page	3 of 5

Members also must refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively, and must at all times act in a proper and prudent manner in the use of information acquired in the course of their duties. Members must not use information obtained through their position on the Committee for any personal gain for themselves or their immediate families or in any manner that would be contrary to law or detrimental to the welfare and goodwill of POTL.

Further, members must not publicly comment on matters relative to activities of the Committee other than as authorised by the Board of Directors.

8. COMMITTEE MEETINGS

Meetings shall be conducted on a formal basis and be effectively minuted by the Secretary as to proceedings and decisions. A meeting agenda must be prepared and distributed to all members of the Committee at least five (5) working days prior to a meeting, unless otherwise approved by the Committee. Draft minutes of meetings must be prepared and provided to the Committee Chairperson for prior approval as soon as possible after the conclusion of the meeting. Once approval has been received, the minutes of the meeting must be promptly distributed to Committee members and must be confirmed as an accurate record of the meeting at the next subsequent meeting of the Committee.

In the setting of the Committee agenda there will be an emphasis on the most significant risks and threats to POTL and the ongoing evaluation of what is being done to mitigate such risks.

Meetings of the Committee should be held at least four (4) times each year. Meetings may be held via teleconference or video conference, if required. In addition, the Committee Chairperson may call such additional meetings as may be necessary to address any matters referred to the Committee by the Chief Executive Officer or in respect of matters that the Committee wishes to pursue.

A quorum for a Committee meeting is half the number of members appointed (including the ex officio member) provided that at least one of the members present is a Director of the Board, and if that number is not a whole number, the next highest whole number.

Only those members appointed by the Board of Directors may vote on matters before the Committee. As far as practicable, decisions of the Committee shall be regarded as its collective decision or advice. However, where there is material dissension to a decision, a minority view may be placed before the Board of Directors.

Other Attendees at Committee Meetings

The Chief Executive Officer is to attend all meetings. General Managers shall have a standing invitation to attend all Committee meetings. The Committee Chairperson may request any employee including representation from internal audit to attend a meeting and such person(s) must attend. Further, the Chairperson may invite a representative of external audit to attend any meeting of the Committee and to present and comment on appropriate agenda items.

When advice is required in relation to a matter subject to a Committee inquiry and it is considered sufficiently material to warrant the services of a specialist consultant external to POTL, the Committee may request the Chief Executive Officer to obtain such expert assistance.

The Committee may determine from time to time, that it is appropriate to conduct meetings privately with Senior Management, including the Chief Executive Officer. The reasons for such meetings will be forwarded to the relevant executives with the invitation to attend the meeting. The Committee may at its absolute discretion, decide to exclude some or all non-committee members from such a meeting.

9. ACCESS TO INFORMATION

The Committee shall have the freedom to conduct or authorise investigations into any matter within its objectives or as requested by the Board of Directors. The Committee shall be entitled to have access to all relevant information held by POTL. It is also authorised to discuss with any employee any matter that is the subject of an investigation.

The Committee shall be empowered to retain independent legal advice, advisers or other professionals to assist in its investigations / deliberations, with the costs borne by POTL.

© Port of Townsville Limited A.C.N 130 077 673	Document Type	Policy	Document No.	POT 1097
Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	0
			Date	22/04/2015
			Page	4 of 5

10. COMMITTEE REPORTING

The minutes of all Committee meetings and a report detailing the Committee's findings and recommendations must be tabled at the Board meeting following each Committee meeting, unless the Board meets within five (5) days of the Committee meeting in which case they are to be tabled at the next Board meeting thereafter.

The Committee Chairperson shall:-

- Report the findings and recommendations of the Committee to the Board of Directors at the Board meeting following each Committee meeting;
- Regularly update the Board of Directors about Committee activities and make appropriate recommendations;
- Ensure the Board of Directors is made aware of any audit and/or risk management matters which may impact on POTL or its Directors as soon as practicable; and
- Submit a summary of the role and achievements of the Committee for inclusion in the Annual Report of POTL together with a statement that the Committee has observed the terms of its charter and had due regard to Queensland Treasury's *Audit Committee Guidelines*.

11. COMMITTEE REVIEW

The Committee Chairperson shall annually assess the performance of the Committee and take appropriate action in respect of areas where there is a perceived need for enhancement of its role, operational processes or membership.

At least once every three (3) years the Committee shall arrange for a peer review of its operations and activities by an appropriately qualified person. The results of the review shall be reported directly to the Board of Directors. The Committee Chairperson will action the performance evaluation and may obtain assistance if required.

A key outcome of the evaluation process should be for the Committee to set a series of goals to guide their activity over the coming year, as well as a review and update of the Committee Charter.

12. CO-OPERATION WITH COMMITTEE

Each employee must provide full, frank and meaningful advice on any issue raised by the Committee within fourteen (14) days of receiving such a request and shall co-operate fully with the activities of the Committee in all other respects. The annual report of the Committee will include a statement as to the extent of co-operation provided to the Committee during the year.

13. ANNUAL CALENDAR

MEETING DATE	MATTERS FOR CONSIDERATION
All Meetings	<ul style="list-style-type: none">• Review Strategic Risk Register• Report on Current and Potential Legal Liabilities• Tender Compliance Review Report• Report on Environmental Performance, Risks and Trends• Review Risk Management Committee Minutes• Review Internal and External Audit Results
Annually	<ul style="list-style-type: none">• Review Annual Audited Financial Statements• Review Annual Audit Schedule and Three Year Audit Plan• Review Adequacy of Risk and Compliance Frameworks• Review Committee Charter and Annual Calendar

© Port of Townsville Limited A.C.N 130 077 673	Document Type	Policy	Document No.	POT 1097
Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	0
			Date	22/04/2015
			Page	5 of 5