

Audit and Risk Committee Charter

Queensland Rail

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1. Purpose

- 1.1 The Audit and Risk Committee (the **Committee**) is a Queensland Rail Statutory Authority (the **Authority**) Board Committee created to assist the Board in the effective discharge of its governance and oversight responsibilities relating to the financial reporting and risk management of the Authority and its wholly owned subsidiary Queensland Rail Limited (together **Queensland Rail**).
- 1.2 The Committee is responsible for the oversight and monitoring of the preparation of financial statements, internal control structures, compliance, risk management frameworks and the internal and external audit functions of Queensland Rail.
- 1.3 This Charter sets out the role and responsibilities delegated by the Board to the Committee and the Committee's membership and structure.

2. Key Responsibilities

- 2.1 The Committee will review, oversee and provide recommendations to the Board on the following **Audit** matters:
 - (a) the integrity of Queensland Rail's financial reporting and disclosure procedures and processes;
 - (b) significant accounting policies and alternative accounting treatments available;
 - (c) the effectiveness of Queensland Rail's systems of accounting and internal controls;
 - (d) the quality of financial reporting by Queensland Rail through the implementation of appropriate risk management systems;
 - (e) the protocols implemented to support the annual certifications by the Chief Executive Officer and Chief Financial Officer;
 - (f) approving the resourcing of the internal audit function, its budget and staffing including any internal audit outsourcing arrangements;
 - (g) reviewing the scope and adequacy of the internal audit program and any material issues arising from these audits;
 - (h) reviewing and assessing the performance and independence of the Internal Audit function including any outsourcing arrangements;
 - (i) approving the internal audit charter and annual internal audit plan ensuring its alignment with the risk profile of Queensland Rail;
 - (j) the implementation of recommendations made by the internal and external audit functions;
 - (k) the effectiveness of the processes and assurance activities used by management to monitor and ensure Queensland Rail's compliance with laws, regulations, ethical guidelines and obligations for external reporting of financial information; and

- (l) the integrity of financial and audit-related information and data supplied to the Board and responsible Ministers.
- 2.2 The Committee will review, oversee and provide recommendations to the Board on the following **Risk** matters:
- (a) risk mitigation policies and associated risk assessment documentation adopted by Queensland Rail;
 - (b) effectiveness evaluation of risk management protocols and frameworks used to implement Queensland Rail's risk management policies, procedures and documentation;
 - (c) Queensland Rail's risk profile including key operational and strategic risk assessments and risk appetite;
 - (d) monitoring key risk exposures, control mitigations and residual risks of Queensland Rail including new and emerging risks impacting upon Queensland Rail's operations;
 - (e) monitoring key risk indicators and major changes in the risk profile of Queensland Rail;
 - (f) annual insurance program for Queensland Rail;
 - (g) effectiveness evaluation of risk management and control structures in place to identify and monitor Queensland Rail's compliance with applicable laws, regulations and governance obligations.
- 2.3 The Committee is also to consider, evaluate and report (as required) on any matters specifically referred to the Committee by the Board or by any other Board subcommittees.

3. Relationships

3.1 Relationship with Internal Audit

- (a) The Committee will act as a forum for discussion of internal audit reports and recommendations and oversee the planning, monitoring and reporting processes of the Internal Audit function including any outsourcing arrangements. Outsourced internal audit services will be conducted under the management and direction of the Senior Manager Internal Audit with performance against agreed KPIs reported to the Committee. The Committee provides a structured independent reporting line for the Internal Audit function and the Senior Manager Internal Audit shall have unrestricted access to the Committee and the Chair.
- (b) The Senior Manager Internal Audit will attend Committee meetings for the entirety of the meeting (excluding those agenda items deemed by the Committee for discussion by Committee Members only) and will have access to the papers distributed to the Committee for each meeting. Where the Chair considers it appropriate, the outsourced internal audit partner will also be invited to attend meetings.

- (c) The Committee will meet with the Senior Manager Internal Audit without the presence of management on a periodic basis in relation to resourcing and adequate access to management and staff.
- (d) The appointment and termination of the employment of the Senior Manager of Internal Audit must be endorsed by the Committee.

3.2 Relationship with External Audit (Queensland Audit Office)

- (a) The Auditor-General of Queensland is empowered under the *Auditor General Act* 2009 (Qld) to undertake audits of Queensland Rail in any way the Auditor-General considers appropriate. The Auditor-General is not subject to direction by any person in relation to the way in which the Auditor General's powers are exercised or the priority given to audit matters.
- (b) The Committee will provide a forum for consideration of Queensland Audit Office audit findings and commentary relevant to Queensland Rail. Representatives of Queensland Audit Office will be invited to all Committee meetings and, where the Chair considers it appropriate, those representatives may be invited to meet privately with the Committee without management present.

4. Membership

4.1 The Committee will be structured so that it:

- a) consists exclusively of non-executive Board Members;
- b) consists of a majority of independent Board Members;
- c) is chaired by an independent Board Member, who is not the Chair of the Board; and
- d) is comprised of at least three Members.

4.2 Committee Members:

- a) will be appointed by the Board which will select a Committee Member as the Chair; and
- b) will cease to be Members if they cease to be a Board Member.

4.3 Committee Members should be financially literate, have a familiarity with finance and accounting principles and understand current risk management principles, practices and techniques.

4.4 The duties and responsibilities of a Committee Member will be in addition to those set out for Board Members.

5. Meetings

5.1 Committee meetings will be convened at least four times a year or more frequently if required. In addition, the Committee Chair may call such additional meetings as may be necessary to address any matters referred to the Committee by the Board, Chief Executive Officer or other executives, or in respect of matters that the Committee at its discretion wishes to pursue.

- 5.2 The quorum of the meeting will be half (rounded up to the nearest whole number) of the appointed members to the Committee.
- 5.3 In the absence of the Chair or appointed delegate, the Committee may elect a Member present to chair the meeting.
- 5.4 The Committee may elect to conduct meetings by telephone or videoconference provided that all Committee Members involved in the meeting are able to participate in discussion.
- 5.5 The Company Secretary or his/her delegate will be the Committee 'Secretary'.
- 5.6 The Company Secretary or his/her delegate will be responsible for the preparation and compilation of the meeting agenda and accurately minuting all Committee decisions in consultation with the Chair. The Secretary will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Committee's deliberations and operations.
- 5.7 Minutes and Actions are prepared within a reasonable time following each Committee meeting. Following review by the Chair, the Minutes are circulated to Members for approval and inclusion in the Minute book within one month of the Committee meeting and Actions are advised to Management for execution.
- 5.8 The Chief Executive Officer, Chief Financial Officer, General Counsel, Senior Manager Internal Audit, Executive General Manager Safety, Risk and Assurance and other Queensland Rail Senior Executives and staff may be required to attend Committee meetings (in whole or in part) on a regular basis or as requested from time to time by the Committee.
- 5.9 Representatives of the Queensland Audit Office on the Queensland Rail external audit team will be invited to attend each meeting (in whole or in part) and offered the opportunity to meet alone with the Committee if they wish.

6. Conflicts of Interest

- 6.1 Committee Members must:
 - (a) disclose to the Committee any actual or potential conflict of interest which may exist as soon as they become aware of the issue;
 - (b) take any necessary and reasonable measures to try and resolve the conflict;
 - (c) comply with the *Queensland Rail Transit Authority Act* and *Corporations Act* requirements in relation to the disclosure of interests and restrictions on voting.
- 6.2 Unless the Committee Members decide otherwise, if a conflict or potential conflict situation exists, the conflicted Committee Member will be excluded from all considerations of the matter by the Committee including any segment of the Committee papers or other documents containing any reference to the matter.

- 6.3 Committee Members are expected to advise the Chair of any proposed Board or executive appointments to other organisations as soon as practicable.

7. Scope, Access and Authority

- 7.1 The Committee is authorised to investigate any matter within the scope of its delegated responsibilities and make appropriate recommendations to the Board.
- 7.2 The Committee has direct access to the Queensland Audit Office and has the authority to seek any information it requires to carry out its duties from any officer or employee of Queensland Rail.
- 7.3 Except as specifically stated in this Charter or by the Board, the Committee has limited delegated authority and exists predominately to provide recommendations to the Board on issues within the purview of the Committee.
- 7.4 The Committee has the authority to approve the internal audit function's charter, audit plans and resourcing and to consult any independent professional advisers it considers appropriate to assist in meeting its responsibilities.

8. Reporting

- 8.1 The Committee Chair reports on, and distributes to the Board, a copy of the draft Committee minutes at the earliest possible Board meeting after each Committee meeting.
- 8.2 The Committee will prepare and submit to the Board any additional reports as appropriate.
- 8.3 Through the above protocols all matters relevant to the Committee's role and responsibilities will be reported to the Board.

9. Review of Committee Performance

- 9.1 A committee effectiveness assessment will be completed on a periodic basis.
- 9.2 The review is generally completed in conjunction with the Annual Board Evaluation process.

10. Review of Charter

- 10.1 The Charter will be reviewed at least biennially by the Committee to ensure that the Charter remains consistent with the Committee's authority, objectives and responsibilities.
- 10.2 Any changes to the Charter recommended by the Committee must be approved by the Board.

11. Publication of Charter

11.1 A copy of the Audit and Risk Committee Charter is available at www.queenslandrail.com.au.

Adopted by the Board on 14 December 2017