

AUDIT AND RISK COMMITTEE CHARTER

PREFACE

We aim to be an effective organisation. Having appropriate governance structures including sound risk management and internal audit processes is one way of achieving this.

PURPOSE

The Ombudsman has established the Audit and Risk Committee (the Committee) to comply with Treasury Circular NSW TC 09/08 August 2009. This Charter sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements

OBJECTIVE

The objective of the Committee is to provide independent assistance to the Ombudsman by overseeing and monitoring the NSW Ombudsman's governance, risk and control frameworks, and its external accountability requirements.

AUTHORITY

The Ombudsman authorises the Committee, within the scope of its role and responsibilities, to:

- obtain any information it needs from any staff member and/or external party (subject to their legal obligation to protect information)
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- request the attendance of any employee, including the Ombudsman, at committee meetings
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, at the NSW Ombudsman's expense

COMPOSITION AND TENURE

The Committee will consist of three members, appointed by the Ombudsman. The majority of the Committee members will be independent, including the Committee Chair.

Members may be appointed for an initial period of one year, after which they will be eligible for extension or re-appointment for a further maximum term of four years, after a formal review of their performance.

The Ombudsman and the Chief Audit Executive are not members of the Committee, but may attend meetings as observers as determined by the Chair.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the NSW Ombudsman. At least one member of the Committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

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Last reviewed / updated:	3 March 2010
Version number:	1
Related policies:	Code of Conduct, Internal Audit Charter, Information Security and Management Policy
File reference:	ADM/6182

This policy does not supersede any other policy.

ROLES AND RESPONSIBILITIES

The Committee is directly responsible and accountable to the Ombudsman for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the NSW Ombudsman rests with the Ombudsman.

The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by the Ombudsman from time to time.

The Committee's responsibilities are to:

1. Risk management

- review whether there are appropriate risk identification and management processes and procedures in place
- review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings
- review the impact of the Ombudsman's risk management process on its control environment and insurance arrangements
- review whether a sound and effective approach has been followed in establishing the NSW Ombudsman's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically
- review the NSW Ombudsman's fraud control plan and satisfy itself that the NSW Ombudsman has appropriate processes and systems in place to capture and effectively investigate fraud related information.

2. Control framework

- review whether there is an effective internal control network
- review whether there are effective and appropriate policies and procedures that are periodically reviewed and updated
- determine whether the appropriate processes are in place to assess whether policies and procedures are achieving their intended aims.

3. External accountability

- review the financial statements and provide advice to the Ombudsman, and recommending their signing by the Ombudsman
- satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal controls
- review the processes in place designed to ensure that financial information included in the NSW Ombudsman's annual report is consistent with signed financial statements
- satisfy itself that the NSW Ombudsman has a performance management framework that is linked to organisational objectives and outcomes.

4. Compliance with applicable laws and regulations

- determine whether legal and compliance risks have been considered as part of the NSW Ombudsman's risk assessment and management arrangements

- review the effectiveness of the system for monitoring the NSW Ombudsman's compliance with applicable laws and regulations, and associated government policies

5. Internal audit

- act as a forum for communication between the Ombudsman, senior management and internal and external audit
- review the internal audit coverage and annual work plan, ensure the plan is based on the NSW Ombudsman's risk management plan, and recommend approval of the plan by the Ombudsman
- advise the Ombudsman on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan
- oversee the coordination of audit programs conducted by internal and external audit and other review functions
- review all audit reports and provide advice to the Ombudsman on significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of good practice
- monitor the implementation of internal audit recommendations
- review the internal audit charter to ensure appropriate organisational structures, authority, access and reporting arrangements in place
- periodically review the performance of internal audit
- provide advice to the Ombudsman on the appointment or replacement of the Chief Audit Executive.

6. External audit

- act as a forum for communication between the Ombudsman, senior management and internal and external audit
- provide input and feedback on the financial statements and performance audit coverage proposed by external audit and provide feedback on the audit services provided
- review all external plans and reports in respect of planning or completed audits and monitor the implementation of audit recommendations
- provide advice to the Ombudsman on action taken on significant issues raised in relevant external audit reports and better practice guides.

RESPONSIBILITIES OF MEMBERS

Members of the Committee are expected to understand and observe the legal requirements of Treasury Circular NSW TC 09/08 August 2009. Members are expected to:

- contribute the time needed to study and understand the papers provided
- apply good analytical skills, objectivity and good judgement
- express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry

REPORTING

The Committee will regularly, but at least once a year, report to the Ombudsman on its operation and activities. The report should include:

- a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year
- a summary of the NSW Ombudsman's progress in addressing the findings and recommendations made in internal and external reports
- an overall assessment of the NSW Ombudsman's risk, control and compliance framework, including details of any significant emerging risk or legislative changes impacting on the NSW Ombudsman
- details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

The Committee may, at any time, report to the Ombudsman any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Ombudsman.

REPORTING LINES

The Committee must at all times ensure it maintains a direct reporting line to and from internal audit and act as a mechanism for internal audit to report to the Ombudsman on functional matters.

ADMINISTRATIVE ARRANGEMENTS

1. Meetings

The Committee will meet at least four times per year. A special meeting may be held to review the NSW Ombudsman's annual financial statements.

The Chair is required to call a meeting if requested to do so by the Ombudsman, or another Committee member.

A meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The meeting plan will cover all of the Committee's responsibilities as detailed in this charter.

2. Attendance at meetings and quorums

A quorum will consist of three members of the Committee.

Meetings can be held in person, by telephone or by video conference.

The Chief Audit Executive and external audit representatives will be invited to attend each meeting, unless requested not to do so by the Chair of the Committee. The Committee may also request other employees attend committee meetings or participate for certain agenda items.

The Committee will meet separately with both the internal and external auditors at least once a year.

The Ombudsman may be invited to attend committee meetings to participate in specific discussions or provide strategic briefings to the Committee as determined by the Chair.

3. Dispute Resolution

Members of the Committee and the NSW Ombudsman's management should maintain an effective working relationship, and seek to resolve differences by way of open negotiation. However, in the event

of a disagreement between the Committee and Senior Management, the Chair will raise any issue with the Ombudsman directly.

4. Secretariat

The Ombudsman will appoint a person to provide secretariat support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within 10 working days of the meeting to each member and committee observers, as appropriate.

5. Conflicts of interest

At least once a year the Committee members will provide written declarations to the Ombudsman stating they do not have any conflicts of interest that would preclude them from being members of the Committee. Any such conflicts will be recorded by the Chief Audit Executive in a conflicts of interest register.

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted and recorded in the Ombudsman's conflict of interest register.

Where members or observers at committee meetings are deemed to have a real, or perceived, conflict of interest it may be appropriate that they are excused from committee deliberations on the issue where a conflict of interest exists.

6. Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

7. Assessment arrangements

The Ombudsman, in consultation with the Chair of the Committee, will establish a mechanism to review and report on the performance of the Committee, including the performance of the Chair and each member, at least annually. The review will be conducted on a self-assessment basis with appropriate input sought from the Ombudsman, the internal and external auditors, management and any other relevant stakeholders, as determined by the Ombudsman.

REVIEW OF CHARTER

At least once a year the Committee will review this Charter. This review will include consultation with the Ombudsman.

Any substantive changes to this Charter will be recommended by the Committee and formally approved by the Ombudsman.

OMBUDSMAN APPROVAL



Bruce Barbour
OMBUDSMAN