



St Helena Government AUDIT AND RISK COMMITTEE

AUDIT AND RISK COMMITTEE CHARTER **Revised March 2018**

PURPOSE

- (1) To assist the Governor in fulfilling her constitutional responsibilities for ensuring strength and best practice in three fundamental governance areas:
 - Internal control
 - Risk management
 - Ethical principles (insofar as they concern compliance with legal and regulatory requirements and the functioning of an anti-fraud and corruption culture including effective whistle-blowing arrangements).
- (2) To oversee the performance of the St Helena Government Internal Audit Office.

AUTHORITY

The Audit and Risk Committee acts on behalf of the Governor. The Committee's decisions, instructions and requests therefore carry the equivalent weight to those of the Governor – unless directly and explicitly countermanded by the Governor.

The Audit and Risk Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:

- Approve the internal audit plan and non-audit services performed by the Internal Audit Office.
- Seek any information it requires from employees or external parties and meet with SHG officers.

COMPOSITION

The Audit and Risk Committee will consist of at least six members. This will include at least two persons not directly employed by Saint Helena Government. The Governor will appoint committee members and the committee chair. Individual members will serve for a maximum of 5 years before retirement with a possible extension of up to a further 5 years, subject to the agreement of the Committee and ratification by the Governor.



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Whilst there is no restriction on elected council members being members of the Committee, in order to maintain the Committee's independence, they shall not constitute a majority of members overall or at any specific meeting.

Each committee member must be free to act independently and be financially literate. The membership of the Committee should include a variety of experience and expertise. Ideally these should include financial, legal and HR expertise.

CONFIDENTIALITY

Committee Members are expected to ensure that all information received in connection with their Audit and Risk Committee duties is used and appropriately safeguarded and communicated only as necessary in further pursuit of the duties within this Charter. Members will be required to sign a confidentiality agreement to this effect on or shortly after their appointment.

MEETINGS

The committee will meet at least four times a year, with authority to convene additional meetings as circumstances require. In exceptional circumstances, one of these meetings may be carried out by electronic correspondence rather than as a physical meeting. Any decisions made at such a meeting will be formally ratified at the next physical meeting of the Committee. Notwithstanding this, the expectation remains that meetings will take place physically wherever possible and that this must be the case on at least three occasions each year.

All committee members are expected to attend each meeting. In exceptional circumstance, with the prior agreement of the absent member(s), a meeting can proceed with only three members present. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will meet separately, if required, with management, with internal auditors and with external auditors. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and copied to the Governor.

DECISION TAKING

The Committee is expected to form a consensus view on matters. In the event of a decision being necessary and votes being tied, the Chair will have the casting vote.



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RESPONSIBILITIES

The committee will carry out the following responsibilities:

Internal Control

- Consider the effectiveness of SHG's internal control system, including information technology security and control.
- Understand the scope of internal auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Risk Management

- Consider the effectiveness of SHG's approach to corporate-wide and directorate Risk Management.
- Understand the internal auditor's opinion on Risk Management in practice and obtain reports on significant findings and recommendations, together with management's responses.

Ethical Principles / Compliance Matters

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of SHG's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Assess procedures for:
 - The receipt, retention, and treatment of complaints received by individuals regarding accounting, internal controls, or auditing matters; and
 - The confidential, anonymous submission by individuals of concerns regarding questionable accounting or auditing matters.
- Review the process for communicating codes of conduct to SHG personnel, and for monitoring compliance therewith.
- Obtain regular updates from SHG management and legal officers regarding compliance matters and changes to legislation.

Internal Audit

- Review with management and the Internal Audit representative the charter, plans, activities, staffing, and organisational structure of the internal audit function.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and a review of delivery against agreed key performance indicators.
- Where required, meet separately with the internal auditors to discuss any matters that the committee or auditors believe should be discussed privately.



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Reporting

- Report, at least annually, to the Governor.

Other Responsibilities

- Review and assess the adequacy of the committee Charter annually, requesting the Governor's approval for proposed changes.
- Confirm annually that all responsibilities outlined in this Charter have been carried out – making clear any exceptions and the reasons for them.
- Evaluate the committee's own performance at least annually against this Charter.

Approved by the Audit and Risk Committee – 22 March 2018

Ratified by HE Governor

Signed

Lisa Horan

Date

13.4.18