



St Helena Government AUDIT & RISK COMMITTEE

AUDIT AND RISK COMMITTEE CHARTER Revised May 2019

1. PURPOSE

The purpose of the Audit and Risk Committee (the “Committee”) is to assist the Governor in fulfilling his constitutional responsibilities by evaluating and improving the effectiveness of risk management, control, and governance processes across St Helena Government (SHG). The Committee should not assume any management functions nor should management be allowed to exert inappropriate influence over the work of the Committee.

The Committee is responsible for ensuring that:

- Internal controls are robust to ensure the public funds are adequately safeguarded and used economically, effectively and efficiently;
- Risks are appropriately identified and managed;
- Appropriate Governance Framework is in place (which includes a functioning anti-fraud and corruption culture and effective whistleblowing arrangements)
- Management actions are in compliance with policies, standards, procedures, regulations and ordinances

To oversee the performance of the St Helena Government Internal Audit Office.

2. AUTHORITY

The 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 Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility and can seek any information it requires from SHG staff or external parties and meet with SHG officers.

3. COMPOSITION

The 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.

4. CONFIDENTIALITY

Committee Members are expected to ensure that all information received in connection with their 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 appointment.

5. CONFLICT OF INTERESTS

Members are responsible for declaring a conflict of interests. In all cases where a conflict of interest exists, or may be reasonably perceived to exist, the Chairperson will rule on whether the Member, having disclosed the interest:

- May participate in the discussion;
- Remain in the meeting room but not participate in the discussion;
- Leave the room and be excluded from any consideration.

6. 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. A committee meeting can only proceed with a minimum of three members present who constitute the quorum. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will meet



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separately, if required, with management, internal auditors and external auditors. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of the meetings will be shared with the Governor.

7. 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.

8. RESPONSIBILITIES

The committee will carry out the following responsibilities:

8.1 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 controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review management compliance with regulations and ordinances.

8.2 Risk Management

- Review 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.
- Ensure that a risk management framework is implemented by management to effectively management current and future risks to SHG.
- Ensure risk management assessments are performed on a continuous basis to identify emerging risks for SHG.
- Ensure that continuous risk monitoring by management takes place.
- Ensure management considers and implements appropriate risk responses.

8.3 Governance

- Ensure the SHG governance structures support the effective and efficient management of resources towards the achievement of strategic objectives.
- Review internal auditor's recommendations on improvements to governance arrangements across SHG.



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- 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

- Approve the internal audit plan and non-audit services performed by the Internal Audit Office.
- 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*.
- Review of delivery against agreed key performance indicators.
- Review internal audit reports including management's responses to findings and recommendations.
- Where required, meet separately with the internal auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Reporting

- The committee will report in writing, at least annually, to the Governor. The committee may decide to escalate issues to the Governor as they arise.



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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 – 28 May 2019

Audit and Risk Committee Chair:

L MacMoran

Ratified by HE Governor

Signed

Philip Rushbrook

Date

3rd June 2019