



St Helena Government

AUDIT & RISK COMMITTEE

AUDIT AND RISK COMMITTEE CHARTER

Revised May 2023

1. INTRODUCTION

The Audit and Risk Committee (the "Committee") plays an important role in providing oversight of government's governance, risk management, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices.

2. PURPOSE

The purpose of 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.

The committee oversee the performance of the SHG Internal Audit Office.

3. 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.

In discharging its responsibilities, the committee will have unrestricted access to members of management, employees, and relevant information it considers



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necessary to discharge its duties. The committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the committee and/or Group Head of Internal Audit & Risk (GHIA&R) will request the information through HE Governor.

The committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. SHG's management and staff should cooperate with the committee requests.

The committee may engage the Attorney General's Chambers and/or other advisors it deems necessary to carry out its duties.

4. COMPOSITION

The Committee will consist of at least five 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.

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, Corporate Governance, Risk Management, Compliance & Legal, Public Sector and HR expertise.

5. 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.

6. CONFLICT OF INTERESTS

Members are responsible for declaring any conflict of interests at the commencement of each meeting. 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;



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

7. MEETINGS

The committee will meet at least four times a year, with authority to convene additional meetings as circumstances require. In other circumstances, some of these meetings may be carried out by electronic correspondence and video conferencing rather than as a physical meeting.

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 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.

8. 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.

9. RESPONSIBILITIES

The committee will carry out the following responsibilities:

9.1 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.

9.2 Risk Management



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- Provide oversight on the effectiveness of SHG's approach to corporate-wide and directorate Risk Management.
- Review the risk appetite and tolerance levels agreed by the Risk Management Committee.
- Receive reports from the Risk Management Committee on its activities including confirmation that risks taken by management are within the agreed risk tolerance and appetite levels.
- Review reports from internal audit on the effectiveness of the risk management.

9.3 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.
- 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.



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- 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.

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 – May 2023

Ratified by HE Governor

Signed

Date

31 August 2023