



Risk and Audit Committee Charter

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1 Introduction

Queensland Treasury Corporation (QTC) is committed to observing high standards of due care, diligence, skill, integrity and fair dealing in the conduct of its business.

The QTC Capital Markets Board (the Board) has been delegated powers by the Under Treasurer as QTC's corporation sole. The Board can delegate its powers to its committees or the Chief Executive and can authorise any further delegations of authority by the Chief Executive to other employees of QTC, as appropriate.

The Risk and Audit Committee (RAC) is a decision-making and advisory body established to assist the Board in fulfilling its corporate governance responsibilities in regards to the:

- appropriateness and effectiveness of QTC's enterprise-wide risk management system (including the enterprise-wide risk management framework, the risk appetite statement and the risk management strategies) and the internal control framework
- oversight of risk and risk management, and carriage of those risks specifically attributed to RAC (refer to the Enterprise-wide Risk Management Policy for the material risk allocation)
- oversight of internal control processes
- oversight of the integrity of the financial statements and associated year-end and interim processes, and
- adequacy and effectiveness of audit activities.

2 Establishment

The establishment of the RAC was approved by the Governor in Council via Executive Council Minute 1334 on 1 July 1993. It is pursuant to Clause 2 of the Instrument of Delegation dated 3 September 1991 (as superseded by the Instruments of Delegation dated 22 January 2009, 4 May 2020 and 1 April 2022).

3 Authority

The Board can delegate its powers to its committees or the Chief Executive, and can authorise any further delegations of authority by the Chief Executive to other employees of QTC, as appropriate. The Board authorises the RAC, within the scope of its responsibilities, to:

- examine any matter in relation to its responsibilities as it sees fit or as requested by the Board
- make decisions in relation to certain responsibilities without requiring subsequent Board approval
- engage external resources if necessary to obtain independent advice in relation to RAC matters
- have access to, and seek information from, any QTC staff member in order to carry out the RAC's responsibilities, and
- have access to internal and external auditors without management present.

The Queensland Auditor-General holds the statutory appointment as external auditor of QTC and is responsible for reporting independently to Parliament on that official statutory obligation. The Queensland Audit Office enables the Auditor-General to fulfil this role by providing financial audit services to both Parliament and the public sector on behalf of the Auditor-General.

4 Roles and responsibilities

4.1 Responsibilities

The RAC has the following responsibilities:

Strategy:

- Oversee and report to the Board on risk and audit strategies for the organisation
- Report to the Board on the risk and audit impacts of significant strategic initiatives

Policy:

- Approve on behalf of the Board, the RAC-owned policies (refer to the Corporate Governance Policy for the Key Policy allocation)
- Review and make recommendations to the Board on:

- Board-owned policies designated for RAC review
- the RAC Charter

Culture:

- Oversee and report to the Board on:
 - the risk elements of culture
 - whether QTC's internal controls drive the desired culture and behaviours across the organisation

Risk:

- Review and make recommendations to the Board on:
 - the Enterprise-wide Risk Management Framework and the Risk Appetite Statement
 - QTC's risk appetite and risk tolerance for material risks overseen by the RAC (refer to the Enterprise-wide Risk Management Policy for the material risk allocation)
- Oversee and report to the Board on:
 - the implications of new or emerging risks and strategies to manage these risks
 - the effectiveness of QTC's risk management system and internal control framework
 - the management of key risk and audit risk areas
 - outcomes of discussions with risk owners of risk and audit material risks

Compliance:

- Oversee and report to the Board on:
 - compliance with relevant legal, tax and regulatory obligations, including approving the Payment Times Report
 - compliance overseen by the HRC and FMC
- Review and make recommendations to the Board on:
 - the annual financial statements and the annual report, including the identification of Key Management Personnel
 - the policy to ensure the accuracy and appropriate compliance of QTC documents for public release

Budget:

- Review and make recommendations to the Board on the annual administration budget

Performance:

- Review and make recommendations to the Board on the annual assessment of corporate performance overseen by RAC
- Report to the Board on the evaluation of RAC performance

Internal Audit:

- Approve on behalf of the Board the:
 - Internal Audit Plan and scope
 - Internal Audit Plan Budget within the broader QTC budgeted amount for internal audit
- Review and make recommendations to the Board on the appointment of the internal auditor, including the terms and conditions of appointment
- Monitor and report to the Board on:
 - internal audit processes and strategies
 - the reports and recommendations of internal audits and the implementation of these recommendations
- Approve on behalf of the Board, the addition and closure of audit issues on the recommendation of Internal Audit and the management response to those recommendations

External Audit:

- Oversee and report to the Board on:
 - liaison with the external auditor on the proposed audit strategy and the annual audit process and fees
 - the reports and recommendations of external audits and the implementation of these recommendations
- Approve on behalf of the Board, the addition and closure of audit issues on the recommendation of External Audit and the management response to those recommendations

General:

- Undertake any task assigned to the committee by the Board.

4.2 Chair

The Board Chair determines which member of the RAC will be appointed Chair of the RAC.

The Chair is responsible for the leadership of the RAC, the efficient organisation and conduct of the RAC's functions, and briefing of all members about issues arising at meetings.

The Chair will facilitate the effective input of all members, and promote constructive and respectful relations between members.

4.3 Company Secretary

The Company Secretary will be appointed to facilitate the RAC's meetings and reporting duties. The Company Secretary will not be a representative of the internal or external audit functions, nor the person responsible for the key financial functions of QTC.

The Company Secretary will be responsible for the preparation and circulation of the meeting agenda and accurately minuting all decisions and recommendations of the RAC, in consultation with its Chair. The Company Secretary will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the RAC's activities and operations.

5 Duties

Members of the RAC will undertake their roles on the RAC in accordance with the Duties and Liabilities as set out in the QTC Capital Markets Board Charter.

6 Committee composition

The RAC is comprised of at least three Board members. RAC members are appointed by the Board. Board members who are not members of the RAC may attend meetings of the RAC, but may not vote on RAC matters or act as a proxy for an RAC member, unless approved by the Board in writing. The Company Secretary is to attend all RAC meetings to ensure minutes are taken of the meetings.

6.1 Resignations

A member may resign by signed notice given to the RAC Chair, who will advise the Board Chair. The RAC Chair may resign by signed notice given to the Board Chair, who will advise the Board.

7 Performance

Each year, the RAC will evaluate its performance during the past 12 months to ensure it is functioning effectively.

8 Meetings

8.1 Convening and holding meetings

Meetings of the RAC must be held at least four times per calendar year.

The RAC will decide the times and places for meetings of the RAC in conjunction with the Company Secretary. The dates of the meetings should be agreed before the beginning of each calendar year.

The agenda for each meeting will be determined by the Chair in consultation with the Company Secretary. RAC papers will not be distributed on the day of the RAC meeting unless approved by the Chair.

RAC papers are approved by the RAC Chair prior to circulation to RAC members. Papers are to be distributed at least three business days before each RAC meeting.

Additional meetings may be convened by any member giving reasonable notice to every other member. Agenda items are to be circulated to RAC members with the notice convening the meeting. The Chair will determine and approve the agenda for any additional meetings called.

8.2 Use of technology

RAC meetings may be convened using any technology, such as a video or telephone conference. The use of technology is managed by the Company Secretary and Chair. An RAC member is considered present for a meeting whether in person or through the use of technology.

8.3 Chairing

The Chair of the RAC will chair all RAC meetings. If the Chair is not present at an RAC meeting, and has not appointed an Acting Chair, then the RAC members must elect an RAC member who is present as Acting Chair for that RAC meeting.

8.4 Quorum and decisions or recommendations

A majority of members must be present to provide a quorum.

A member may be present at a meeting in person or through technology such as telephone or videoconference.

Decisions or recommendations of the RAC shall be regarded as its collective decision, recommendation or advice unless there is a material dissension, in which case a minority view will be recorded in the minutes of the meeting and placed before the Board.

8.5 Out-of-session decisions or recommendations

At the discretion of the Chair, decisions or recommendations may be made without an RAC meeting if a quorum of the members vote 'in favour of' or 'opposed to' the out-of-session recommendation.

Voting on out-of-session decisions or recommendations can be made either in person or through the use of technology.

Separate copies of a document may be used for approvals by members provided the wording of the decision or recommendation and statement is identical in each copy.

8.6 Minutes

The RAC must keep minutes in which it records the:

- proceedings and decisions or recommendations of all meetings of the RAC, and
- proceedings and decisions or recommendations that are made out-of-session.

The draft minutes of the meeting will be distributed to the Chair for review within a week of the meeting and then presented for approval at the next committee meeting.

The outcome of a decision or recommendation made without a meeting must be recorded and ratified by the RAC at the next meeting.

Approved minutes of a meeting of the RAC shall be provided through the Board portal along with RAC papers.

8.7 Other attendees

The RAC Chair may request that QTC staff, internal or external auditors or other external parties attend a meeting of the RAC.

9 Reporting

The RAC reports to the Board.

The RAC will report on its meetings to the Board, with recommendations of the RAC to be referred to the Board for approval and decisions of the RAC to be presented to the Board for noting.

Material risks to QTC are considered by the relevant Board committee and/or the Board. The Risk and Audit Committee coordinates reporting on material risks to the Board from all Board committees. See the Enterprise-wide Risk Management Policy for the material risk allocation.

The RAC shall prepare prompt and timely reports to the Board outlining relevant matters that it has considered, as well as the RAC's opinions and recommendations on these matters.

As soon as practicable after the end of each financial year, the RAC shall provide the Board with a report that summarises the RAC's performance and achievements over the year¹.

A summary of the membership, role and achievements of the RAC shall be included in QTC's annual report, along with any other information specified in the *Annual report requirements for Queensland Government agencies* published each year by the Department of the Premier and Cabinet.

10 Communication and information

Management and staff must provide the RAC with accurate, timely and clear information to enable the RAC to effectively discharge its responsibilities and duties.

All RAC papers, minutes and other committee documentation will be provided to RAC members through the Board portal. It is the responsibility of each RAC member to ensure they can access the Board portal and review the information provided to discharge their responsibilities as an RAC member.

10.1 Continuing development

The RAC should understand QTC's organisational structure, operations and industry, together with key developments relevant to the RAC and may receive periodic presentations to assist it in achieving that understanding.

Collectively, the RAC shall possess (and may obtain assistance from external consultants to assist them in possessing):

- a thorough understanding of the core activities of QTC and the environment in which it operates, including its strengths, weaknesses, opportunities and threats
- a commitment to the continual improvement of the outputs that QTC delivers and that contribute to the achievement of the Government's priorities
- a high level of understanding of best practice internal control, risk management and corporate governance
- a sound knowledge of information systems and emerging technology, and
- strong business acumen, a high level of competency in financial matters and the ability to analyse complex financial reports.

11 Relationship with other committees

To the extent that there is any overlap in the responsibilities of the RAC and the other committees of the Board, those committees shall, directly or through the Board or management, endeavour to ensure that the overlap is dealt with in an appropriate manner and shall refer any issues that relate more appropriately to another committee to that other committee.

12 Relationship with State Investment Advisory Board

The State Investment Advisory Board (SIAB), formerly named the Long Term Asset Advisory Board until 4 July 2019, was established on 17 July 2008. Pursuant to clause 3 of the Instrument of Delegation dated 1 April 2022, QTC delegated its powers to the SIAB for specific financial assets held by QTC and the State of Queensland to meet superannuation and other long-term payment obligations.

The authority, role, responsibilities and membership of the RAC as detailed in this charter do not extend to the authority, role, responsibilities and membership delegated to the SIAB pursuant to the SIAB Delegation.

¹ Section 30(5) *Financial and Performance Management Standard 2019*