

1. Introduction

Section 105 of the *Local Government Act 2009* requires Council to establish an Audit and Risk Committee to:

- A. Monitor and review:
- The integrity of financial documents;
 - The internal audit function;
 - The effectiveness and objectivity of the local government's internal auditors; and
 - Internal controls, performance and financial statements.
- B. Make recommendations to the local government about any matters that the Audit and Risk considers need action or improvement.

Regardless of this legislative requirement, Council would still establish an Audit and Risk Committee as Council:

- Is committed to strong governance; and
- Believes that Audit and Risk Committees provide a vital part of any system of effective governance.

This Audit and Risk Committee Charter has been approved by Council and any amendments to this Charter are invalid unless approved by Council.

This Charter sets out the role, responsibilities, composition and operational guidelines of the Audit and Risk Committee.

2. Authority and Independence

The Audit and Risk Committee:

- Is a committee of Council and is directly responsible to Council; and
- Has no executive powers – it is an advisory committee.

Audit and Risk Committee has the following authorities:

- Conduct or authorise investigations into matters within the scope of its authority;
- Access information, records and Council officers for these purposes;
- Request the attendance of any employee at committee meetings;
- Conduct meetings with Council's internal and external auditors as deemed necessary; and
- Seek advice from external parties as deemed necessary.

3. Objectives, Roles and Key Responsibilities

The primary objective of the Audit and Risk Committee is to assist Council in fulfilling its corporate governance role and oversight of financial management and reporting responsibilities imposed under the *Local Government Act 2009*, the *Local Government Regulations 2012* and other relevant legislation. The Audit and Risk Committee does not replace established management responsibilities within Council. Generally, the Audit and Risk Committee will provide independent and professional assurance and assistance regarding Council's risk management, internal audit, external audit and other compliance frameworks.

More specifically the Audit and Risk Committee has the following key responsibilities:

Internal Audit

- Review and manage the performance, effectiveness and appointment of internal auditors;
- Guide and approve the internal audit plan, its scope and any significant changes to it;
- Monitor progress, including resolving any difficulties or restrictions on scope of activities or significant disagreements with management;
- Review internal audit findings and recommendations and associated management responses;
- Review and monitor the implementation of internal audit recommendations by management; and
- Ensure there is no material overlap between internal and external audit.

Internal Control and Risk Management

- Review the risk management framework used to identify, monitor and manage significant risks, including fraud and corruption;
- Satisfy itself that insurance arrangements are appropriate for the risk management framework;
- Liaise with management to ensure there is a common understanding of Council's key risks. These risks are to be clearly documented in a risk register which will be regularly reviewed;
- Assess and contribute to the (internal and external) audit planning processes;
- Review the effectiveness of Council's processes for identifying and escalating risks, especially strategic risks; Review the internal processes for determining and managing key risk areas, particularly:
 - Compliance with laws, regulations, standards and best practice guides;
 - Important judgements and accounting estimates;
 - Litigation and claims;
 - Fraud and theft; and
 - Relevant business risks other than those dealt with by other specific committees.
- Review the effectiveness or, and compliance with, the corporate code of ethical conduct and compliance with internal plans, policies and procedures;
- Review the effectiveness of internal control, risk management and performance management systems with management and internal and external auditors; and
- Review, through the Chief Executive Officer and Chief Financial Officer, whether the internal financial controls are operating effectively and efficiently.

Performance Management

- Review Council's compliance with performance management and reporting requirements;
- Review whether performance management systems reflect Council's role/purpose and objectives as stated in its Corporate Plan and Operational Plan; and
- Identify that the performance reporting and information used by Council uses appropriate benchmarks, targets and trend analysis.

Financial Statements

- Review, understand and assess the appropriateness of Council's accounting policies;
- Review the annual financial statements for compliance with prescribed requirements;
- Review, with management and external auditors, the results of the external audit;
- Critically assess any unusual transactions and their disclosure in the financial statements;
- Analyse the financial performance and financial position and seek explanation for significant trends or variations from budgets or forecasts; and
- Ensure that management provide assurance with respect to the accuracy and completeness of the financial statements.

External Audit

- Consult with external audit on their proposed strategy, audit plan and audit fees for the year;
- Review the external audit findings and recommendations and their respective management response; and
- Review the implementation of external audit recommendations.

Reporting

- Ensure management include minutes of Audit and Risk Committee meetings to Council meetings.
- Provide an annual report to Council, no later than 30 November each year, on:
 - A. A review of its Charter;
 - B. The results of external audits conducted during the most recent financial year;
 - C. Internal audits conducted during the most recent financial year, and internal audits planned for the current financial year;
 - D. A self-assessment of its performance during the most recent financial year, and its work plan for the current financial year; and
 - E. Any other matter that the Committee wants to bring to Council's attention.

4. Membership and Meetings

Membership

The Audit and Risk Committee will comprise two Councillors and one external member.

- Ordinarily, the two Councillors will be the Mayor and one other Councillor selected by all Councillors (selected by majority vote, should more than one Councillor express an interest in being part of Audit and Risk Committee);
- Each member has full and equal voting rights;
- The external member will have significant experience, skills and formal qualifications in financial and governance matters and will be Chairperson of the Audit and Risk Committee;
- The appointment of the external member will be a decision of Council;
- The chairperson is to be available to address Council on any concerns they, or Council, may have regarding matters associated with the Audit and Risk Committee;

- Both of the Councillors on Audit and Risk Committee can appoint a proxy who can take their place at Audit and Risk Committee meetings;
- The initial term of appointment for the external member should be three years and can be extended for a further term subject to the composition and skill requirements of the Committee. The maximum term is six years;
- Members are required to act impartially, independently, professionally and objectively in the performance of the role;
- Members must at all times act in the best interests of Council;
- Members must not make any public comment or issue any information, in any form, concerning the Audit and Risk Committee, or any matter of interest to the Committee without the prior written authority of the CEO;
- Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the committee. The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting, and be updated as necessary;
- Members should avoid voting on matters in which they have a real, potential or apparent conflict of interest. In such cases, the member's proxy (or if unavailable, any other proxy) can take the member's place in voting matters;
- Any other attendee at an Audit and Risk Committee meeting must declare any real, potential or apparent conflict of interest; and
- All declared conflicts of interest must be minuted.

Meetings

- A quorum will consist of the Chairperson and the two other members or their proxy;
- Meetings are closed to the public although Councillors may attend as observers;
- All matters discussed at Audit and Risk Committee meetings are confidential;
- The Chairperson's responsibilities include developing meeting agendas in conjunction with other members and other interested parties;
- A secretary/secretariat function will be appointed by CEO to facilitate the Committee's meetings and reporting duties;
- The secretary, in consultation with the Chairperson, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the Committee;
- Every effort will be made to circulate agendas and related papers at least seven calendar days before each meeting;
- The secretary will table all correspondence, reports and other information relevant to the Committee's activities and operations;
- The Committee will meet at least two times per year;
- The Chairperson will endorse minutes of each meeting once he/she is satisfied that the minutes record the key points of the meeting;
- Once endorsed, minutes will be presented to Council by the CEO;
- The Chairperson can endorse the use of flying minutes should the need arise;

- Members may attend by telephone, videoconference or similar;
- The Committee may decide to hold a meeting, or part of a meeting, in private; and
- The Chairperson may require the CEO to arrange for various officers to attend meetings, or parts of meetings. This will often be the case where the results of an Internal Audit are being discussed and certain officers have specific working knowledge of the particular area under review.

5. Relationships

Internal Audit

- The Committee will approve internal audit plans and oversee the performance of internal audit; and
- The internal auditor will have a standing invitation to attend committee meetings, although the committee may decide to restrict this invitation to just the internal audit section of the meetings.

External Audit

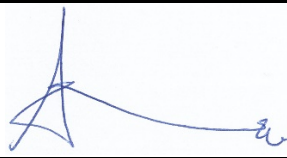
- The Committee has no power of direction over external audit but will act as a forum for the consideration of external audit findings and will ensure that such findings are balanced with the views of management;
- The external auditor will have a standing invitation to attend committee meetings, although the committee may decide to restrict this invitation to just the external audit part of the meetings; and
- The external auditor may elect to attend only the external audit section of the meetings.

6. Other

The Audit and Risk Committee Charter will be reviewed annually to ensure it remains current and relevant. During these reviews Audit and Risk Committee will also consider whether the Committee is meeting its objectives efficiently and effectively.

Changes to the Audit and Risk Committee Charter are only valid if they are made in accordance with the requirements of Section 1 of the Charter. During this annual review, Audit and Risk Committee Members will provide written declarations to the CEO stating that they:

- Do not have any conflicts of interests and/or material interests that would preclude them from being members of the committee; and
- Have not had any such undeclared conflicts in the preceding year.

DOCUMENT HISTORY AND STATUS						
Action	Name			Position	Signed	Date
Approved by Council	Kelvin Tytherleigh			CEO		14/12/2021
Policy Version	3	Initial Version Adopted	30/08/2016	Current Version Adopted		14/12/2021
Maintained By	Corporate and Financial Services			Next Review Date		31/11/2022
File Location	E:\Shared Data\Administration\Change\Policies, Procedures & Forms\02. Current Documents					