AUDIT AND RISK COMMITTEE CHARTER

1. Introduction

The Audit and Risk Committee is an advisory committee of Council, established and governed in accordance with the *Local Government Act 2009* (the Act) and the Local Government Regulation 2012 (the Regulation), which require each local government to establish an efficient and effective internal audit function and each large local government to establish an Audit Committee.

An Audit Committee, as per *Section 105 of the Local Government Act 2009* is 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 committee considers need action or improvement.

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

2. Authority

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 professional assurance and assistance regarding Council's risk management, internal audit, external audit, other compliance frameworks and driving Councils commitment to continuous improvement. More specifically the Audit and Risk Committee has the following key responsibilities:

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; and
- Review the effectiveness of Council's processes for identifying and escalating risks, especially strategic risks.

Internal Audit

- 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 the implementation of internal audit recommendations by management; and
- Ensure there is no material overlap between internal and external audit.

Internal Control

- Review, through the internal and external audit functions as required, the adequacy of the internal control structure and systems, including information technology security and control;
- Review, through the internal and external audit functions as required, whether relevant and current policies and procedures are in place and whether they are being complied with; and
- Review, through the CEO and CFO, 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 advise the appropriateness of Council's accounting policies;
- Review, understand and advise the appropriateness of significant assumptions, critical judgements and estimates made by management and unusual transactions in the preparation of the financial statements;
- 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 next available Council meeting, including but not limited to:

a) Recommendations to council by the Audit and Risk Committee;

b) Progress reports on work plan activities;

c) The results of external audits conducted during the most recent financial year;

d) Internal audits conducted during the most recent financial year, and present for endorsement the internal audit Plan planned for the current financial year;

e) An annual self-assessment of its performance.

f) Proposed work plan for the next financial year.

g) Bi-annual review of the Charter and related policies for consideration; and

h) 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 a maximum of two Councillors and at least one external or independent member:

- Preference is the rotation of members will be via a staggered basis to ensure continuity of knowledge. Alternate members are not captured in the six-year maximum term, with the Mayor being a perpetual alternate (i.e. The Mayor will be an ex-Officio);
- Councillor members will be 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. Motions are decided on by a majority of its members present. If the votes are equal, the Committee Chair will have a casting vote;
- 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, following an expression of interest process;
- 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;
- Council is to appoint an alternate for member councillors, should they not be able to attend an Audit and Risk Committee Meeting;
- The initial term of appointment for the external member is 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;
- Consideration of a temporary extension of time of the outgoing external member/chairperson's tenure will be undertaken to ensure an appropriate handover to the incoming external member/chairperson;
- 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, an Alternate (or if unavailable, any other alternate) 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 noted in the meeting minutes.

Meetings

- Frequency of meetings – The Audit and Risk Committee will meet as per the Annual Work Plan, with a minimum of two meetings a year, or as determined by the Chairperson.
- A quorum will consist of the majority of members (i.e. 50% of members) and must include the/an external member;
- Should the Chair/external member not be able to attend a meeting, the meeting will be rescheduled for another time and/or day or will be held via videoconference. Where an item is emergent, that matter only will be dealt with as soon as possible via video conference or flying minute and ratified when the meeting is formally held.
- Members and attendees will maintain their responsibilities to declare and record their conflicts of interest as per the *Local Government Act 2009* and Local Government Regulation 2012.
- 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 7 calendar days before each meeting;
- 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 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	Mary-Anne Uren			CEO		30/07/2025
Policy Version	4	**Initial Version Adopted**	30/08/2016	**Current Version Adopted**		07/2025
Maintained By	Corporate and Community Services			**Next Review Date**		07/2028
File Location						

Hinchinbrook Shire Council Audit & Risk Committee - Annual Work Plan 2025/2026 Endorsed - 29 July 2025	
Meeting	**Considerations**
Standing Items Each Meeting	Financial report year to date (incorporates project updates)
	Legal Matters Update
	Governance update (Int/Ext influences)
	Insurance - Update on Claims
	WHS Update
	Human Resources update
	Internal Audit & Progress Reports
	Annual Compliance Checklist (For Info)
	Closed meeting with audit practitioners
	CEO update - Verbal
Meeting 1 - February	Review/Update of Internal Audit Plan
	Internal/External Audit Actions Register
	Complaints/Fraud Report or Register
	Audit committee charter/terms (Review)
	External Audit Plan
Meeting 2 - June	External Audit - Interim management letter
	External Audit - Accounting Position Papers
	Insurance - update on new coverage
	ICT - Overview and key risks
	Strategic Risk Register Report
	Annual asset valuation methodology report
	Final annual asset valuation report

Meeting	Considerations
Meeting 3 - September	Draft financial statements & Variance Analysis
	Financial Statement Assumptions & Estimates
	Financial Statement Compliance
	Internal/External Audit Actions Register
	Update on Disaster Management Plan
Meeting 4 - October	Final financial statements
	Management Representation Letter to External Audit
	Final management letter
	External Auditor Closing Report
	Strategic Risk Register Report
	Annual self assessment
	Set Annual Work Plan & Calendar of meetings
Adhoc items as required/appropriate meeting	Asset Management
	Budget Preparation Guidelines for coming year
	Capex Budget Preparation Guidelines for coming year
Post meeting actions	Minutes of Audit Committee to Council
	Audit Committee Action List updated
	Internal Audit Actions on Register - comms