AUDIT AND RISK COMMITTEE

POLICY COMPLIANCE

1. Purpose

In accordance with s105 of the *Local Government Act 2009*, Council has chosen to establish an Audit and Risk Committee which will meet no less than two, preferably three, times per year.

As per s105 of the *Local Government Act 2009* (the Act), as a category 1 council, Council is not required to establish an Audit Committee. However, best practice governance encourages one is established and accordingly, Council has resolved to establish an Audit & Risk Committee in accordance with section 105(4) of the Act and sections 210 and 211 of the *Local Government Regulations 2012* (the Regulations).

2. Scope

This Policy applies to Hinchinbrook Shire Council elected members, staff and external representatives appointed to, or providing support to, Council's Audit and Risk Committee.

3. Responsibility

The Chief Executive Officer, assisted by the Director Corporate, Community and Development Services, is responsible for the implementation of this Policy.

4. Definitions

Audit and Risk Committee means an independent review and specialist governance advisory committee of Council comprising of Councillors and qualified external independent member(s) to monitor and review:

- The operation of internal controls and risk management; and
- Development of financial statements.

Council *refers to Hinchinbrook Shire Council*

Internal Audit means the assessment and evaluation of control measures that the local government has adopted, or is to adopt, to manage the risks (operational risks) to which the local government's operations are exposed.

5. Policy

Council recognises the value of an independent member as part of Audit and Risk Committee and therefore will appoint and shall maintain an Audit and Risk Committee and will develop and maintain with the approval of Council, a Charter to regulate and guide its activities.

The Charter would typically be determined having regard to Council's broader corporate governance framework and the committee's responsibilities and would be approved at an Ordinary Meeting. The Committee should focus on the important issues and risks, be forwardlooking, and adopt a continuous improvement approach in interactions with Council management.

Effective Audit and Risk Committees monitor the implementation of recommendations made by internal and external auditors and other review activities (e.g. enterprise risk management). They ensure that:

- internal audit coverage is aligned with Council's risks.
- there is an appropriate mix of performance and compliance audits; and
- the internal audit includes a focus on the areas of greatest risk.

The Committee members should encourage and maintain open and constructive dialogue with senior management and the internal and external auditors. The Committee may choose to hold separate sessions with auditors and management to achieve the financial oversight responsibilities and obtain feedback for annual self-assessment.

6. Legal Parameters

- *Local Government Act 2009*;
- Local Government Regulation 2012

7. Associated Documents

- Audit and Risk Committee Charter
- Enterprise Risk Management Policy
- Fraud and Corruption Policy
- Internal Audit Policy & Charter
- Strategic Risk Register
- Audit and Risk Committee Workplan

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<tr><th>Action</th><th colspan="2">Name</th><th>Position</th><th>Signed</th><th>Date</th></tr>
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