

# AUDIT AND RISK COMMITTEE CHARTER

## *INTENT*

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The purpose of this charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Committee.

## *SCOPE*

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This Charter applies to all Audit and Risk Committee activities, Committee Members, Councillors and Staff.

## *CHARTER STATEMENT*

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### **1. INTRODUCTION**

Although it is not a legislative requirement for Council to have an audit committee; it is recognised that, to assist in achieving industry best practice throughout Council operations, it is beneficial to establish an Audit Committee. To this end, Council has established an active Audit and Risk Committee

This Charter establishes the authority and responsibility conferred by Council to the Audit and Risk Committee (the Committee) and complies with Section 105(4) of the Queensland *Local Government Act 2009*:

#### *Local Government Act 2009*

##### *105 Auditing, including internal auditing*

- (1) *An audit committee is a committee that—*
- (a) *monitors and reviews—*
    - (i) *the integrity of financial documents; and*
    - (ii) *the internal audit function; and*
    - (iii) *the effectiveness and objectivity of the local government's internal auditors; and*
  - (b) *makes recommendations to the local government about any matters that the audit committee considers need action or improvement.*

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The Queensland *Local Government Regulation 2012* also prescribes the composition of a local governments audit committee (s210) and the requirement to hold committee meetings (s211). This provisions of this charter comply with the requirements for an audit committee under the Queensland *Local Government Regulation 2012*.

## **2. PURPOSE**

The Audit and Risk Committee provides an independent forum where representatives of Council, independent specialists and Management work together to fulfil specific governance responsibilities as set out in this Charter.

The role and function of the Committee is to provide independent, objective assurance and advice designed to add value and improve the organisation's operations.

The Committee is an advisory body only and must keep Council fully informed of its activities.

## **3. AUTHORITY**

The Audit and Risk Committee is an advisory committee only to Council, therefore has no decision making powers or line of authority. The Committee does have full right of access to all levels of management through the Chief Executive Officer. Accordingly, the Chief Executive Officer will ensure management and staff cooperate fully with the Committee.

At all times the Committee is to maintain its independence from the day-to-day operations of the Council.

## **4. COMPOSITION OF COMMITTEE AND TENURE**

Council's three-person Audit and Risk Committee will consist of two Councillors and One Independent Member (Voting Members). The independent member must have significant skills and experience in financial matters and will be recruited in line with Council's Procurement Policy. In addition, the independent member will also undertake the role of the Committee's Chair.

All Committee members, including the Chair, are to be appointed by Council resolution.

The Chief Executive Officer and Director Operational Business Services are invited to attend all meetings as permanent attendees; however, have no voting rights. Councillors who have not been appointed to the Committee as members may attend meetings in an observer capacity only.

Non-permanent invitees may be requested to attend Committee meetings for the purpose of providing information to the Committee.

The term of membership will be:

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- for internal members (Councillors), four; and
- for the Independent Member, two years.

In addition to the formal membership of the Committee, as detailed above, Council will appoint by Council resolution, two Councillors as proxy members to the Committee. The role of the proxy members will be to attend Committee meetings (as voting members) on an “as required basis” should a Councillor appointed as a member of the Committee be unable to attend.

**5. OBJECTIVES**

The main objectives of the Audit and Risk Committee are to:

- (1) Assist Council in the governance of the organisation, and exercise due care, diligence and skill in relation to:
  - 1.1. the integrity of financial reporting and information;
  - 1.2. application of accounting standards and policies;
  - 1.3. financial management;
  - 1.4. accountability and internal controls;
  - 1.5. enterprise risk management practices and procedures;
  - 1.6. policies and procedures;
  - 1.7. asset management strategies; and
  - 1.8. compliance with applicable laws, regulations, standards and best practice guidelines;
- (2) Oversee the effectiveness of the internal and external audit functions;
- (3) Provide a structured reporting line for Council’s internal audit function and to monitor the objectivity and independence of the internal audit function;
- (4) To review and monitor the quality of internal and external reporting of financial information;
- (5) Work with Council to embed an ethical and transparent culture at all levels of the organisation; and
- (6) Support measures to improve governance, risk and internal controls.

The Committee, having regard to the systems and processes available within Council, will be pro-active with a view to pre-empting matters of concern, with reference to governance, risk and internal controls that may become apparent.

**6. RESPONSIBILITIES OF AUDIT AND RISK COMMITTEE MEMBERS**

Committee Members will at all times discharge their duties and responsibilities honestly and with objectivity and will not engage knowingly in acts or activities that have the potential to bring discredit to Council or be considered a conflict of interest.

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Members also must refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively and must at all times act in a proper and prudent manner with reference to the use of information acquired in the course of their duties.

In addition to the above, a Committee member will:

- (1) contribute to the assessment and improvement of Council's corporate governance processes, including its systems of internal control, risk management and internal audit activities;
- (2) prepare for, attend and contribute (as appropriate) to all Audit and Risk Committee meetings;
- (3) review significant areas of risk to Council including internal controls, external reporting and compliance requirements, governance and probity;
- (4) review the activities of external and internal audit and provide guidance and direction as required;
- (5) be proactive in respect to any matters that would compromise the objectivity or independence of Councillor's Internal Auditors;
- (6) periodically engage with Council's Internal Auditors and the External Auditors independent of management;
- (7) review Council's draft Internal Audit Policy, Internal Audit Charter and Annual Internal Audit Plans and, where appropriate, recommend they be adopted for implementation;
- (8) ensure recommendations, in relation to significant risk items, arising from audit sources are followed up and implemented appropriately (reasons should be obtained from management for inappropriate and untimely implementation);
- (9) verify minutes of meetings as an accurate record of Audit and Risk Committee meetings; and
- (10) refrain from making any public comment or issuing any information in any form, concerning matters of the Audit and Risk Committee or matters of interest to the Committee.

Apart from the above the Audit and Risk Committee Chair has these additional responsibilities. The Chair will:

1. provide leadership and direction to the Audit and Risk Committee including the provision of meeting structure, professionalism and efficiency;
2. ensure effective communication between the Audit and Risk Committee, Chief Executive Officer, management, External Auditors and Internal Auditors; and
3. ensure the independence and objectivity of the Audit and Risk Committee and internal audit functions is maintained.

## **7. SELF DEVELOPMENT OF THE COMMITTEE**

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Council accepts that professional development of Committee members is necessary to ensure the Committee maintains appropriate skills and competence relevant to the duties of the Committee Members. Accordingly, Council will give internal Committee members reasonable access to technical and professional development events to help them keep up to date with legislative, accounting and other relevant issues.

External members are expected to maintain their own professional self-development requirements.

## **8. ASSESSMENT OF THE COMMITTEE AND REVIEW OF CHARTER**

Each calendar year the Committee shall complete a self-assessment process to ensure all the functions and business of the Committee are being dealt with in an efficient and effective manner.

The assessment process shall include but not be restricted to time of meetings, length of meetings, attendance at meetings, content of meetings, results of recommendations on matters discussed, achievements and a satisfaction rating of members.

The Committee shall review this Charter biannually and recommend any required changes to the Council for adoption.

## **9. MEETINGS**

The Committee will convene no less than two meetings per financial year and additional meetings may be held at the request of Council or the Committee Chair.

Notice of meetings will be via Councils standard meeting notice procedure. A set agenda will be prepared by the Chief Executive Officer with business papers and reports being provided to Committee Members no less than five days prior to the meeting date.

A quorum shall consist of at least two voting members. Members may participate in a meeting by telephone or videoconference.

All voting members will have one vote. Members cannot abstain from a vote called by the Chair. In the instances when there are only two voting members and the vote is split, the Chair may exercise their right with a casting vote. If the Chair is absent the members present shall elect a person to preside at the meeting. The person presiding at any meeting shall have a casting vote.

A Council appointed officer will attend the meeting to record the minutes and coordinate meeting participants to attend when required.

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As soon as practicable after each Committee Meeting, the Chief Executive Officer must give Council a written report about the matters reviewed at the meeting and the Committee's recommendations about the matters.

### **10. CONFIDENTIALITY**

The Committee's role of analysing and recommending improvements to Council's financial reporting, risk management, compliance and internal control systems make the business of the Committee highly confidential.

All agendas, reports, and other proceedings of the Committee are to be considered and held confidential by Councillors and staff unless otherwise determined by Council. The exception to this confidentiality clause is the Committee Meeting Minutes which are presented to Council in open session.

### **11. CONFLICTS OF INTEREST**

Committee members will be required to disclose conflicts of interest at the commencement of each meeting. When this occurs, the Committee is to follow the requirements of Chapter 5B of the *Local Government Act 2009*.

## **KEY RESPONSIBILITIES**

RESPONSIBLE OFFICER	RESPONSIBILITY
Chief Executive Officer	To act as a liaison between the Committee and Council Officers ensuring full and complete access to all records required by the Committee to fulfil its responsibilities.
Manager Governance and Risk	To coordinate the meeting agenda and ensure it is provided to the Committee Members in a timely manner.

## **REFERENCES, LEGISLATION AND GUIDELINES**

*Local Government Act 2009*

*Local Government Regulation 2012*

## **APPROVED BY**

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