

**BLAND SHIRE COUNCIL**  
**AUDIT COMMITTEE CHARTER**

**1.0 OBJECTIVE**

The objective of the audit committee (Committee) is to provide independent assurance and assistance to Bland Shire Council on risk management, control, governance and external accounting responsibilities.

In addition, the Committee is:

- to ensure there is an adequate and effective system of internal control throughout Council; and
- to assist in the operation and implementation of both the Internal Audit Plan and External Audit Plan.

**2.0 COMMITTEE SETUP**

The Committee is a formally appointed committee of Council pursuant to clause 29 of the Local Government (Meetings) Regulation and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions.

**3.0 AUTHORITY**

The Council authorises the Committee, within the scope of its role and responsibilities, to:

- Obtain any information it needs from any employee or external party (subject to their legal obligations to protect information);
- Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations);
- Request the assistance of any employee or councillor at Committee meetings;
- Obtain external legal or other professional advice considered necessary to meet its responsibilities.
- Appoint the representatives to the Committee as per the parameters and procedures outlined in section 4 of this Charter.

**4.0 COMPOSITION AND TENURE**

The Committee will consist of:

**4.1 Members (voting)**

- Councillor
- Independent external member with financial expertise (not a member of Council, whose role will include chairing the Committee)
- Independent external member (potentially from a neighbouring Council)

**4.2 Attendee (non-voting)**

- Mayor (optional)
- General Manager
- Director of Corporate Services
- Internal Auditor

#### **4.3 Invitees (non-voting) for specific agenda items**

- Representatives of the external auditor
- Other officers or Councillors may attend by invitation only as requested by the Committee.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Bland Shire Council. At least one member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

#### **5.0 ROLES AND RESPONSIBILITIES**

The committee has no executive powers, except those expressly provided by Council. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and the General Manager as defined by the Local Government Act.

The responsibilities of the Committee may be revised or expanded by the Council from time to time.

The Committees responsibilities are:

##### **5.1 Risk Management**

- Review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud;
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- Review the impact of the risk management framework on its control environment and insurance arrangements; and
- Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been planned periodically.

##### **5.2 Control Framework**

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
- Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations; and
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

##### **5.3 External Accountability**

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and are supported by appropriate management sign-off on the statements and the adequacy of internal controls;
- Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- To consider contentious financial reporting matters in conjunction with Council's management and external auditors;

- Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements;
- Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations; and
- Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

#### **5.4 Legislative Compliance**

- Determine whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements; and
- Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

#### **5.5 Internal Audit**

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit;
- Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan and approve the plan;
- Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan;
- Make recommendations for inclusion and/or prioritising projects in the Internal Audit Plan;
- Review all audit reports and consider significant issues identified in audit reports and actions taken on issues raised, including identification and dissemination of better practices;
- Make recommendations to commission audits of any kind, whether to be conducted by the Internal Auditor or otherwise;
- Monitor the implementation of internal audit recommendations by management;
- Periodically review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place; and
- Periodically review the performance of the internal audit function.

#### **5.6 External Audit**

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit;
- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit, and provide feedback on external audit services provided;
- Review all external audit plans and reports in respect of planned or completed external audits, and monitor the implementation of audit recommendations by management; and
- Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.

#### **5.7 Responsibilities of Members**

Members of the Committee are expected to:

- Understand the relevant legislation and regulatory requirements appropriate to Bland Shire Council;
- Contribute the time needed to study and understand the papers provided;
- Apply good analytical skills, objectivity and good judgment; and
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

## **5.8 Selection of Members**

The selection criteria and process for the appointment of the independent members shall ordinarily be as follows:

- The committee shall seek nominations from persons interested in being appointed to the available position. All nominees who satisfy the conditions of this charter shall be eligible for appointment.
- The eligible persons will be determined by a merit process by the Council members of the Committee, both voting and non-voting.
- In the event of equal votes the Chair shall have the casting vote.

## **5.9 Term of Office**

- The independent external members will be appointed for the term of two years, after which they will be eligible for extension or re-appointment following a formal review of their performance.
- Voting shall be undertaken in accordance with this Charter, except that the independent external member seeking re-appointment may not vote on the re-appointment. This will also mean that, if the external member seeking reappointment is usually the Chair, the other independent external member will become the Chair for the purpose of the vote.

## **5.10 Vacancy**

In the case of resignation from the Committee by an independent external member, the Committee is to appoint another independent external member as soon as it is practicably possible in accordance with the process set out in this Charter.

## **6.0 CHAIRPERSON**

In relation to the Chairperson:

- An independent external member acts as Chair of the Committee for the full term of office as per this Charter;
- In the case of resignation by the Chair, the other current serving independent external member will be appointed as Chair;
- In the absence of the appointed Chair, the other current serving independent external member shall serve as the Chair for the period of absence of the duly nominated Chair.

## **7.0 CODE OF CONDUCT**

All members of the Audit Committee are to abide by Bland Shire Council's Code of Conduct.

## **8.0 COMPLAINT PROCEDURE**

In assisting Council, the Committee is to confirm there are adequate procedures for the receipt, retention and treatment of complaints, including whistleblowing complaints received by Council, including in relation to risk management, legal and regulatory compliance, accounting, internal controls or auditing. This is to include a process for confidential anonymous complaints by employees or other stakeholders.

## **9.0 REPORTING**

At the first meeting of the Committee after 30 June each year, Internal Audit will provide a performance report of:

- The performance of the Internal Audit function for the financial year as measured against agreed key performance indicators; and
- The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.

The Committee may, at any time, consider other matters it deems of sufficient importance to do so. In addition, at any time and individual Committee member may request a meeting with the Chair of the Committee.

## **10.0 COMMITTEE VOTING**

- The Committee is expected to make decisions by consensus, but if voting becomes necessary then the details of the vote are to be recorded in the minutes; and
- Each member of the Committee shall be entitled to one vote only. In the case of a tie, the Chair shall have the casting vote;

## **11.0 ASSESSMENT OF COMMITTEE PERFORMANCE**

The Chair will initiate a review of the performance of the Audit Committee every two years.

The review will be conducted on a self assessment basis (unless otherwise determined by the Chair), with appropriate input from management, as determined by the Chair.

When reviewing the Committee's performance, the Chair should be satisfied that an effective, comprehensive and complete service is being provided.

## **12.0 ADMINISTRATIVE ARRANGEMENTS**

### **12.1 Meetings**

The Committee will meet at least three times per year, with one of these meetings to include a review and endorsement of the annual audited financial reports and external audit opinion.

The need for any additional meetings will be decided by the Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Audit Committee Charter.

### **12.2 Attendance at Meetings and Quorums**

A quorum will consist of a majority of Committee members, including at least one independent member. Meetings can be held in person, by telephone or by video conference.

The Internal Auditor will be invited to attend each meeting unless requested not to do so by the Chair of the Committee. The Committee may also request any other employee to participate for certain agenda items, as well as the external auditor.

The General Manager may attend each meeting but will permit the committee to meet separately with each of the Internal Auditor and External Auditor in the absence of management on at least one occasion per year.

### **12.3 Secretariat**

The Committee has appointed the Head of Internal Audit to provide secretariat support to the Committee. The secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure the minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

### **12.4 Conflicts of Interest**

Councillors, council staff and members of council committees must comply with the applicable provisions of Council's code of conduct in carrying out the functions as council officials. It is the personal responsibility of councils officials to comply with the standards in the code of conduct and regularly review their personal circumstances with this in mind.

Committee members must declare any conflicts of interest at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflict of interest should be appropriately minuted.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision is the Chair of the Committee.

### **12.5 Induction**

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

### **12.6 Review of Audit Committee Charter**

At least once every two years the Audit Committee will review this Audit Committee Charter. The Audit Committee will approve any changes to this Audit Committee Charter.