



Council Policy

AUDIT AND RISK COMMITTEE CHARTER

Corporate Plan Reference:	<i>'Excellence as a Council'</i>
Endorsed by Council on:	20 December 2018
Policy Owner and Department:	Chief Executive Officer

1. Function, Role and Duties of the Audit Committee

The Audit Committee will act as an advisory committee to Council in the effective discharge of the responsibilities prescribed in the *Local Government Act 2009*, the *Local Government Regulation 2012* and other relevant legislation and prescribed requirements. In doing so, it will provide independent comment, advice and counsel on audit and risk management matters covering all Council operations and projects reported and considered by the Committee at its regular meetings.

The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within Council, or the reporting lines and responsibilities of the internal audit, external audit or risk management functions.

The Committee will provide prompt and constructive reports on its findings directly to Council, particularly when issues are identified that could present a material risk or threat to Council.

In the discharge of its responsibilities, a key duty of the Committee will be to provide reasonable independent assurance to Council that its core business goals and objectives are being achieved in an efficient and economical manner, within an appropriate framework of internal control and risk management. The discharge of this responsibility principally involves the consideration of audit-related findings and risks highlighted and reported in respect of performance management.

In the assessment of audit findings, the Committee must take into account management's responses and recommendations in relation to such matters.

The Audit and Risk Committee's core duties are to:

- Assess and contribute to the audit planning processes relating to the risks and threats to Council, taking into account the financial and operational environment in which it operates and its performance management framework;
- Review the draft financial statements prior to submission to the Auditors, and review of the final financial statements prior to adoption by Council;
- Assess and enhance Council's corporate governance, including its systems of internal control;
- Oversee and appraise Council's financial, operational and compliance reporting processes;
- Review and approve annual internal audit plan based on risk assessments;
- Annually review Council's insurance coverage;
- Review external and internal audit findings and monitor implementation outcomes;
- Provide advice to Council on the annual internal audit budget and oversight of the internal audit function;
- Review Council's internal controls to ensure they are best practice and for fraud and risk prevention; and
- Advise Council regarding the management of its strategic risks.

Other key responsibilities of the Committee, through the respective audit functions, are to assist Council to discharge the responsibilities of 'due care and diligence' in relation to:

- The delivery of the organisation's outputs efficiently, effectively and economically so as to obtain optimal value for money;
- Optimising the organisation's performance in terms of quality, quantity, timeliness, cost and where appropriate, location;
- Reporting organisational financial and operational information to the users of its reports in a relevant, reliable and timely manner;
- Ensuring the integrity and consistency of the organisation's corporate culture relative to ethical conduct and probity, including in relation to its tendering, contracting and other procurement processes; and
- Initiating special investigations as it sees fit, or as directed by Council, in relation to matters set out in this Charter.

In the discharge of the foregoing responsibilities the Committee must provide prompt and constructive advice to Council, particularly where issues are identified that could present a material risk or threat to the Council.

2. Relationship with Internal Audit

Noosa Council does not have a dedicated resource to perform the internal audit function. Its practice is to engage external providers to undertake approved internal audits. The Audit and Risk Committee must approve Council's Annual Internal Audit Plan.

The Chair of the Audit and Risk Committee may interact directly with Council's Internal Audit provider as required.

3. Relationship with Council Executive Management Groups

The Audit and Risk Committee will liaise closely with other Council executive management groups and ensure, to the extent practicable that there is no material overlap between the internal and external audit functions. The Committee will ensure that there is a frank and meaningful exchange of information between the groups where this is necessary or desirable.

4. Relationship with Line Management

The role of the Audit and Risk Committee with respect to line management will focus on whether the actions proposed to address audit concerns are satisfactory and cost-effective and will enhance the effectiveness and efficiency of Council's operations

5. Relationship with External Audit

The Audit and Risk Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings to ensure they are balanced with the views of management. The Committee will consult with external audit on that function's proposed audit strategy and audit fees for each year and ensure that an integrated audit process occurs, to the extent practicable. The Committee will review letters and reports provided by an external auditor.

6. Membership of Audit and Risk Committee

The Audit and Risk Committee will consist of the Mayor and one Councillor, as per Section 210 of the *Local Government Regulation 2012*.

The Council will appoint two external members with the appropriate qualifications to the Committee. At least one member will have significant experience and skills in finance matters.

Collectively, the Committee shall possess:

- A thorough understanding of the core activities of Council and the environment in which it operates, including its strengths, weaknesses, opportunities and threats;
- A commitment to the continual improvement of the outputs that the organisation delivers and that contribute to the achievement of Council's priorities;
- Strong business acumen and management skills;
- A high level of understanding of best practice internal control, risk management and corporate governance;
- A sound knowledge of information systems and emerging technology;
- A high level of competency in financial and operational reporting and the ability to analyse complex financial reports including Council's Operating Statement, Statement of Financial Position, Cash Flow Statement and Notes to and forming part of those statements;
- An inquiring attitude, objectivity and independence; and
- A strong, demonstrated sense of probity and ethical conduct.

6.1 Rotation of Committee Members

Periodic rotation of Committee Members contributes to maintaining the independence of the Committee and introduces new perspectives to deliberations. It is important to balance stability of membership against the benefits of periodically refreshing committee membership, to maintain a sufficient level of knowledge and experience on the Committee.

In accordance with best practice, a phased approach to the rotation of independent Committee members to preserve an appropriate level of knowledge and expertise on the Committee is preferred. To lessen the loss of an experienced member, the Council may wish to have new members join the Committee before existing members depart.

The membership of the Committee may be reviewed during the life of the Committee but will be reviewed following the completion of each General Local Government Election. It is preferred that independent members are appointed for a minimum of two years with a maximum tenure of two local government terms.

6.2 Committee Chairperson

The Chairperson shall be elected by the Committee with a preference for the Chairperson to be an independent Committee member.

6.3 Committee Secretary

The Secretary will be responsible for the preparation and circulation of the meeting agenda and accurately minuting all decisions of the Committee in consultation with its Chairperson. The Secretary will also be responsible for the timely tabling of all correspondence, reports and other information relevant to the Committee's activities and operations.

The Secretary is to be provided by the Chief Executive Officer.

7. Ethical Practices

Members of the Audit and Risk Committee will, at all times in the discharge of their duties and responsibilities, exercise honesty, objectivity and probity and not engage knowingly in acts or activities that have the potential to bring discredit to Council.

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 in the use of information acquired in the course of their duties. Members must not use Council information for any personal gain for themselves or their immediate families or in any manner that would be contrary to law or detrimental to the welfare and goodwill of the organisation. Further, members must not publicly comment on matters relative to activities of the Committee other than as authorised by Council.

Members who become aware of a conflict of interest or issues which may affect their objectivity on matters raised within the Committee should advise the Chairman immediately. In the case of the Chairman they are to advise the Chief Executive Officer.

8. Committee Meetings

Meetings shall be conducted on a formal basis and be effectively minuted by the Secretary as to proceedings and decisions. Meeting agendas must be prepared and distributed to all members of the Committee at least seven (7) days prior to a meeting. Minutes of meetings must be prepared and distributed to Committee members as soon as possible after the conclusion of the meeting and must be confirmed as an accurate record of the meeting at the next subsequent meeting of the Committee.

In the setting of the Committee Agenda, there will be an emphasis on the most significant risks and threats to Council and the ongoing evaluation of what is being done to mitigate such risks.

The Committee shall meet quarterly. In addition, the Committee Chairperson may call such additional meetings as may be necessary to address any matters referred to the Committee or in respect of matters that the Committee wishes to pursue.

A quorum shall consist of at least three (3) members. As far as practicable, decisions of the Committee shall be regarded as its collective decision or advice. However, where there is material dissension to a decision, a minority view may be placed before the Council.

8.1 Other Attendees at Committee Meetings

The Chairperson may invite a representative of external audit or other appropriate persons to attend any meeting of the Committee and to present and comment on appropriate items.

Where advice is required in relation to a matter subject to a committee inquiry and it is considered sufficiently material to warrant the services of a specialist external consultant, the Committee may request Council assistance.

9. Committee Reports

The Audit and Risk Committee must prepare prompt and timely meeting minutes and reports to Council as soon as practicable after each meeting outlining relevant matters that have been considered by it, as well as the Committee's opinions and recommendations thereon. A summary of the role and achievements of the Committee shall be included in the Annual Report of Council together with a statement that the Committee has observed the terms of its Charter.

10. Evaluation of Committee Activities

On an annual basis the Committee Chairperson will:

- Assess the performance of the Committee and take appropriate action if required in respect of areas where there is a perceived need for enhancement of its role, operational processes or membership; and
- Provide each individual member of the Committee with feedback on that person's work performance and professional contributions to the Committee's activities for the year.

11. References and Associated Documents

[Local Government Act 2009](#)

[Local Government Regulation 2012](#)

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	New Policy		Council	28/08/14
1.1	Updated Policy	Y	Council	27/08/15
1.2	Updated Policy	Y	Council	17/11/16
1.3	Updated Policy	Y	Council	19/10/2017
1.4	Updated Policy	Y	Council	20/12/2018