Audit and Risk Management Committee Charter

1.0 INTRODUCTION

This Terms of Reference establishes the authority and responsibilities conferred on the Audit and Risk Management Committee by the Council, the Principles for an Audit Committee as required by the *Local Government Act 2009 and Local Government Regulation 2012*, and explains the role of the Audit and Risk Management Committee within the Council.

2.0 TERMS OF REFERENCE

2.1 General

2.1.1 The Southern Downs Regional Council Audit and Risk Management Committee ("the Committee") is an advisory committee to Council, and as such is a formally appointed committee of the Council 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.

2.1.2 The Committee should meet at least quarterly each year.

2.1.3 The Committee’s role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Charter in order to assist Council in relation to the discharge of its financial and operational responsibilities, particularly with respect to ensuring accuracy, accountability and transparency in these matters.

2.1.4 The Committee shall evaluate its performance annually by conducting a self-evaluation survey, and by seeking input on its performance from Council.

2.1.5 The Committee’s scope and purpose includes regular review of the following:

i. the Internal Audit Plan for the Internal Audit for the current financial year;

ii. the Internal Audit Progress Report for the Internal Audit for the preceding financial year including the recommendations in the report and the actions to which the recommendations relate;

iii. a draft of the Local Government's Financial Statements for the preceding financial year before the Statements are certified and given to the Auditor-General under section 212;

iv. the Auditor-General's Audit Report and Auditor-General's Observation Report about the Local Government's Financial Statements for the preceding financial year;
v. Regular review of Risk Management and Fraud and Corruption Control in accordance with the Risk Management and Fraud Policies;
vi. Monitoring of all outstanding internal and external audit recommendations;

vii. Review management’s approach to maintaining an effective internal control framework (including policies, procedures and delegations), ensuring that it is sound and effective;

viii. Review the effectiveness of the system for monitoring Council's compliance with relevant laws, regulations and government policies.

2.1.6 The Committee’s access to Council records, Council staff, and Council information is to be requested through the Chief Executive Officer.

2.1.7 In accordance with section 105 (4) of the Local Government Act 2009, the Committee’s objectives are as follows:

i. monitors and reviews -
   (a) the integrity of financial documents; and
   (b) the internal audit function; and
   (c) the effectiveness and objectivity of the Local Government's internal auditors; and

ii. makes recommendations to the Local Government about any matters that the Audit Committee considers need action or improvement.

3.0 MEMBERSHIP

3.1 The Committee shall comprise between three and six members, the majority which shall be independent. One of the independent members will be Tenterfield Shire Council's Chief Corporate Officer, as part of an ongoing arrangement between Southern Downs Regional Council and Tenterfield Shire Council to exchange staff resources for representation on the respective Audit and Risk Management Committees. The Chief Corporate Officer and the two Councillor members can have a proxy attend in their absence, provided the proxy member is suitably qualified and experienced.

The Chief Executive Officer or his/her proxy will be required to attend each meeting, when available, but is not a member of the Committee and does not have voting rights. At the discretion of the Chief Executive Officer and the Chair, other Councillors and Council officers may attend meetings to listen to and provide information on matters of interest/relevance to their particular duties. However Councillors who are not members of the Audit and Risk Management Committee are precluded from voting, as are Council officers.

A Queensland Audit Office and Internal Audit representative shall be invited to attend meetings as required, however shall not be a member and shall not have voting rights.

Invitations to all Committee members, including the external representatives, all regular invitees and all visitors to the meeting approved by the Chair, shall include the following clause:

*Please note that all discussions in relation to any matter dealt with at Audit and Risk Management Committee meetings or*
3.2 Councillors will be appointed to the Committee by Council as part of the committee selection process:

- At least one member of the Committee should possess significant experience and skill in financial matters;
- Any changes to Committee membership must be approved by Council;
- The Committee will recommend a member of the Committee be appointed as a Chairperson. In accordance with section 210 (3) of the Local Government Regulation 2012, Council will appoint one of the members as Chairperson. Prior to this appointment by Council, the Chairperson will be an Interim Chairperson appointed by the Committee. In the absence of the Chairperson at a meeting, the Committee shall appoint an Acting Chairperson from the members present.
- Members of the Committee shall be appointed for a minimum period of two years.
- Council reserves the right to stagger appointments and the period of the contract for any external member.
- The appointment of external members must be undertaken in accordance with Council’s Procurement Policy and relevant legislation.
- At least one month prior to the expiration of a member’s term on the Committee, the Council shall seek nominations for a replacement, with the successful appointee being approved by Council.

3.3 The independent members of the Audit Committee will meet with representatives of the Queensland Audit Office, External Auditor and Internal Auditor at least once a year or at the request of the Queensland Audit Office, External Auditor and/or Internal Auditor. Any recommendations arising will be discussed with the Chief Executive Officer.

4.0 AUTHORITY

Council shall authorise the Committee, within the scope of its responsibilities to:

- Establish its agenda and facilitate the establishment of an audit program;
- seek any information it requires from Council staff and external sources;
- obtain whatever advice it requires, including advice from external sources (including legal advice);
- request the attendance of Council officers and other appropriate persons at committee meetings;

5.0 MEETINGS

- The Committee should meet at least quarterly each year and in addition, an annual special meeting will be convened for consideration of the draft final financial report and results of the external audit.
- A schedule of meetings shall be developed and agreed to by the members, and additional meetings shall be convened at the discretion of the Chairperson or at the written request of any member of the committee or the external auditor. The Chairperson has the discretion,
in consultation with the Chief Executive Officer, to amend the meeting dates if required.

- The quorum will be the smallest integer greater than half the members.
- Each member of the Committee is entitled to one vote only. In the case of an equality of votes on any issue, the Chairperson shall have the casting vote.
- Representatives of the external auditor should be invited to attend at the discretion of the Committee, but must attend meetings considering the draft financial report and results of the external audit.
- Council’s Governance and Risk Officer shall provide secretarial and administrative support to the Committee.

6.0 REPORTING

- The Committee minutes shall be considered by Council at the most suitably scheduled General meeting.
- Minutes of the Committee meeting will be issued to the Committee members as soon as possible after each meeting and will not be recorded for public perusal.
- The Chairperson of the Committee will review the minutes prior to them being released to Council for review and acknowledgement.
- The Chairperson will determine the agenda for each meeting in consultation with the Chief Executive Officer and Committee members.
- The Committee shall report annually to the Council summarising the activities of the Committee during the previous financial year, and the Chairperson shall be in attendance at the relevant Council meeting either personally or by teleconference to speak to the report.

7.0 REVIEW

The Charter will be reviewed annually for relevance and accuracy.

8.0 CONFIDENTIALITY

- All matters discussed at Committee meetings together with all material provided to members of the Committee is of a confidential nature.
- All material provided to the Committee is to be stamped 'Confidential'.
- The external members of the Committee will be required to sign a Confidentiality Agreement with Council, which will confirm requirements.
- Committee reports to Council will be discussed in a closed session of the General Council Meetings.

9.0 RELATIONSHIP WITH INTERNAL AND EXTERNAL AUDIT

By virtue of the provisions of the Local Government Act 2009 and Local Government Regulation 2012, each Local Government must establish an efficient and effective internal audit function. Consequently, in order to achieve its objectives and to satisfy the requirements placed upon it, the audit Committee may seek independent reports on specific areas of interest. These may include aspects relating to financial and compliance and operational effectiveness which are traditionally performed as an internal audit function. This initiative is to assist the Committee in discharging its objectives under this charter.
Any difficulties encountered in the course of audits, including any restrictions on the scope of their work or access to required information will be brought to the attention of the Committee.

When the Internal Auditor believes that senior management has accepted a level of current risk that is unacceptable to the organisation, the Internal Auditor should report the matter to the Committee.

Any serious difficulties or disputes with management encountered during the course of the external audit will be brought to the attention of the Committee.