



## AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

### 1. THE CHARTER

- 1.1. The Audit and Risk Management Committee was established by resolution of the Blackall-Tambo Regional Council ("the Council") on 19<sup>th</sup> June 2019 in accordance with Section 105 of the Local Government Act 2009 and with Sections 210 and 211 of the Local Government Regulation 2012.
- 1.2. This document, to be known as the Audit and Risk Management Committee Charter of the Blackall-Tambo Regional Council, outlines the role, responsibilities, composition and operating guidelines of the Audit and Risk Management Committee (the committee) in accordance with the above legislative framework.

### 2. AUTHORITY AND INDEPENDENCE

- 2.1 The committee has no executive powers, unless delegated to it by the Council.
- 2.2 The committee is a committee of the Council and is directly responsible to the Council. In discharging its responsibilities, the committee has the authority to:
  - 2.2.1 Conduct or authorise investigations into matters within its scope of responsibility.
  - 2.2.2 Access information, records and personnel of the Council for such purpose.
  - 2.2.3 Request the attendance of any employee of the Council, including executive staff, at committee meetings.
  - 2.2.4 Conduct meetings with the Council's internal and external auditors, as necessary.
  - 2.2.5 Seek advice from external parties, as necessary.

### 3. ROLE

- 3.1 The role of the committee is to provide independent assurance and assistance to the Council on:
  - 3.1.1 The risk, control and compliance frameworks.
  - 3.1.2 The Council's external accountability responsibilities as prescribed in the Local Government Act and its Regulations.
- 3.2 The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within the Council, or the reporting lines and responsibilities of either internal audit or external audit functions.



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

#### **4. DUTIES AND RESPONSIBILITIES**

- 4.1 The committee is directly responsible and accountable to the Council for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the committee must at all times recognise that primary responsibility for management of the Council rests with the Chief Executive Officer and management.

- 4.2 The committee's duties and responsibilities are to:

##### **4.2.1 Financial Statements**

- 4.2.1.1 Review the appropriateness of accounting policies adopted by the Council and ensure the accounting policies adopted are relevant to the Council and its specific circumstances.

- 4.2.1.2 Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements.

- 4.2.1.3 Review the financial statements for compliance with prescribed accounting and other requirements.

- 4.2.1.4 Review, with management and the external auditors, the results of the external audit and any significant issues identified.

- 4.2.1.5 Exercise skepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements.

- 4.2.1.6 Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

##### **4.2.2 Risk Management**



- 
- 4.2.2.1 Monitor the resources of the risk management function and make recommendations to the Chief Executive Office to ensure that the function is sufficient and appropriate.
  - 4.2.2.2 Regularly review the operation of the risk management framework for continuing effectiveness, considering opportunities for improvement where appropriate.
  - 4.2.2.3 Regularly review the Council's Risk Register to identify areas of significant risk and determine if appropriate controls or treatments are being applied to eliminate or mitigate those risks.
  - 4.2.2.4 Ascertain whether fraud and corruption risks have been included in Councils risk management framework, and regularly review these risks.
  - 4.2.2.5 Receive regular reports from the Council's Management on the performance of the organisation in addressing risk management issues.
  - 4.2.2.6 Identify areas of risk not adequately addressed or not identified in current action plans and recommending investigation into those areas for Risk Assessment purposes.

#### **4.2.3 Internal Control**

- 4.2.3.1 Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control, and fraud and corruption controls.
- 4.2.3.2 Review, through the internal and external audit functions, whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are complied with.
- 4.2.3.3 Review, through the Director, Finance, Corporate and Community Services (or equivalent), whether the financial internal controls are operating efficiently, effectively and economically.

#### **4.2.4 Internal Audit**

- 4.2.4.1 Review the budget, staffing and skills of the internal audit function.



- 4.2.4.2 Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
- 4.2.4.3 Review the proposed internal audit strategic plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor.
- 4.2.4.4 Review the findings and recommendations of internal audit and the response to them by management.
- 4.2.4.5 Review the implementation of internal audit recommendations accepted by management.
- 4.2.4.6 Ensure that there is no material overlap between the internal and external audit functions.

#### **4.2.5 External Audit**

- 4.2.5.1 Consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year.
- 4.2.5.2 Review the findings and recommendations of external audit (including from performance audits) and the response to them by management.
- 4.2.5.3 Review responses provided by management to ensure they are in line with the Council's risk management framework.
- 4.2.5.4 Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit's findings.



#### **4.2.6 Compliance**

- 4.2.6.1 Determine whether management has considered legal and compliance risks as part of the Council's risk assessment and management arrangements.
- 4.2.6.2 Review the effectiveness of the system for monitoring the Council's compliance with relevant laws, regulations and government policies.
- 4.2.6.3 Review the findings of any examinations by regulatory agencies, and any auditor observations.

#### **4.2.7 Reporting**

- 4.2.7.1 Submit reports to the Council outlining relevant matters that have been considered by it as well as the committee's opinions, decisions and recommendations.
- 4.2.7.2 Circulate minutes of the committee meetings to the Council, committee members and invited guests as appropriate.
- 4.2.7.3 Submit a summary of its activities for inclusion in the Council's Annual Report.
- 4.2.7.4 As soon as possible after 30 June each year, the Director of Finance, Corporate and Community Services will provide the Committee with a performance report of:
  - 4.2.7.5.1 The issues entered during the period into the Audit Register and the status of the review of those issues.
  - 4.2.7.5.2 The approved Audit Plan of work for the previous financial year showing the current status of each audit.
  - 4.2.7.5.3 A status report on the high priority areas of Council's Risk Register and the actions taken to mitigate risk in those areas.
- 4.2.7.6 The Committee may, at any time, consider any other matter it deems of sufficient importance to do so. In addition, at any time an individual

---

Committee member may request a meeting with the Chair of the Committee.

## **5. MEMBERSHIP AND MEETINGS**

### **5.1 Membership**

- 5.1.1 The members of the committee, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council.
- 5.1.2 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.
- 5.1.3 Membership of the committee is by virtue of the appointed position; no delegates of the members are permitted.

### **5.2 The committee shall consist of:**

#### **5.2.1 Councillor Members**

- 5.2.1.1 Two Councillors nominated by Council at the Post Election meeting or another meeting of Council. (voting)
- 5.2.1.2 Proxy – Councillor nominated by Council to attend in the absence of a Councillor member.

#### **5.2.2 Independent External Members (voting)**

##### **5.2.2.1 An Independent Professional Member**

This member may not be a current Councillor or staff member of the Council. They must be generally of good character and free of any current or past criminal convictions. They need not reside in the area of the Council. Be sufficiently experienced in business or organizational management so as to be able to participate fully in the business and functions of the Committee. They must be able and willing to subscribe to any Code of Conduct of the committee that may be established from time to time.

##### **5.2.3 Attendees (non - voting)**



5.2.3.1 Chief Executive Officer.

5.2.3.2 Director of Finance, Corporate and Community Services.

5.2.3.3 Internal Auditor (who may be the representative of the contracted provider where the service is outsourced).

5.2.3.4 Representative of the External Auditor.

**5.2.4 Invitees (non - voting) for specific Agenda Items**

5.2.4.1 Other officers may attend by invitation as requested by the committee.

**5.3 Selection of Committee Members**

The selection of the independent external members shall ordinarily be by resolution of Council.

5.3.1 The Council may 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.

**5.4 Term of Office**

5.4.1 The independent external member will be appointed for the term of two years, after which they will be eligible for extension or re-appointment for a further two years at the Council's discretion, following a review of their performance.

5.4.2 The maximum number of terms an independent external member can be a member of the committee without the need for calling further nominations is two (2) terms.

**5.5 Vacancy**

5.5.1 In the case of resignation from the committee by an independent external member, the Council is to appoint another independent external member as soon as is practicably possible in accordance with the process set out in 5.2, but no later than one month prior to the next meeting, so that there is always one independent external member on the committee.



## **5.6 Remuneration**

5.6.1 The independent member of the Committee will be entitled to fees for preparation and attendance at meetings as negotiated with Council at the time of appointment. This will cover all preparation time and meeting attendance as well as expenses for travel and reasonable out of pocket disbursements. A review of the fee structure will be undertaken after a period of six months to assess if the remuneration package is comparable with similar Councils.

## **5.7 Chair**

5.7.1 In accordance with the Local Government Regulation 2012 the Council will appoint a member of the Audit and Risk Management Committee to be Chair of the Committee.

5.7.2 In the absence of the appointed Chair, the members of the Committee will appoint one of their number to be Acting Chair.

## **5.8 Code of Conduct**

5.8.1 All members of the Committee are to abide by the Blackall-Tambo Regional Council's Code of Conduct or the Audit and Risk Management Committee Code of Conduct according to their standing as Councillors, staff or external members.

5.8.2 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 conflicts of interest should be appropriately minuted.

5.8.3 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.

## **5.9 Quorum**

5.9.1 A quorum will consist of a majority of the committee members, including the independent external members.

## **5.10 Proceedings**

### **5.10.1 Meetings**



- 5.10.1.1 The Committee shall meet at least two times per year, with one of these meetings to include review and endorsement of the annual Audit Plan.
- 5.10.1.2 The need for any additional meetings will be decided by the Chair, although the other Committee members may make requests to the Chair for additional meetings.
- 5.10.1.3 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 and Risk Management Committee Charter.
- 5.10.1.4 Where either Audit Plan priorities change between meetings or new urgent issues arise, and where it is not possible to schedule an additional meeting, the Director of Finance, Corporate and Community Services is to keep the Committee fully informed of all changes.

#### **5.10.2 Decision Making**

- 5.10.2.1 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.
- 5.10.2.2 Each voting member of the committee shall be entitled to one vote only. In the case of an equality of votes on any issue the Chair shall have the casting vote.
- 5.10.2.3 Between meetings the Chair may circulate to members by email specific proposals for adoption by the committee. Members shall be given a set time – at least 5 (five) days – in which to reply to indicate their agreement with a particular proposal.
- 5.10.2.4 A member's failure to respond within the timeframe given shall be taken as a vote against the proposal. Any decision taken by the committee by email is to be noted and minuted at the commencement of the next meeting.
- 5.10.2.5 The Internal Auditor and the External Auditor representative are not voting members of the Committee.



---

#### 5.10.3 Minutes

- 5.10.3.1 The Director of Finance, Corporate and Community Services is to provide secretariat support to the Committee.
- 5.10.3.2 The Secretariat in liaison with the Internal Auditor will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure minutes of the meetings are prepared and maintained.
- 5.10.3.3 Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

#### 5.10.4 Induction

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

### 6. RELATIONSHIPS

#### 6.1 Internal Audit

- 6.1.1 The committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that Blackall-Tambo Regional Council internal audit function operates effectively, efficiently and economically.
- 6.1.2 The internal auditor will have a standing invitation to attend committee meetings.
- 6.1.3 The Chair and the independent member may hold executive sessions with internal audit, if required.

#### 6.2 External Audit

- 6.2.1 The 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 and will ensure that they are balanced with the views of management.

6.2.2 The external auditor will have a standing invitation to attend committee meetings.

6.2.3 The Chair and the independent member may hold executive sessions with external audit, if required.

### **6.3 Other Executive Management Committees**

6.3.1 The committee shall liaise with other Committees of Council as required to ensure:

6.3.1.1 That its statutory and operational responsibilities are met.

6.3.1.2 That there is no material overlap between the functions and duties of the groups.

6.3.1.3 Frank and meaningful interchange of information.

## **7. EVALUATION OF COMMITTEE ACTIVITIES**

7.1 The committee will undertake an annual self-assessment of its performance for the previous twelve months at the September/October meeting each year.

7.2 The committee will provide a report of the annual review outcomes to the Council.

## **8. REVIEW OF THE CHARTER**

8.1 The charter will be reviewed annually by the committee to ensure it remains consistent with the committee's authority, objectives and responsibilities.

8.2 All amendments to the charter will be discussed and approved by the Council.

## **9. APPROVAL OF THE CHARTER**

9.1 The Blackall-Tambo Regional Council Audit and Risk Management Committee Charter was adopted by Council at the meeting held on 21 August, 2019.