

POLICY TITLE:	WAGAIT SHIRE COUNCIL'S AUDIT COMMITTEE TERMS OF REFERENCE
POLICY NUMBER:	P29
CATEGORY:	COUNCIL POLICY
CLASSIFICATION:	GOVERNANCE
STRATEGIC PLAN REFERENCE:	EFFECTIVE AND EFFICIENT SHIRE MANAGEMENT
STATUS: Approved	Council Resolution

Date Approved:	19.5.2015	Approved By: Moved: President Peter Clee Seconded: Cr Alex Richmond Vote: AIF	Councillors – resolution no. 2015/185	Date for review:	Next Council Election
Date Approved:		Approved By:		Date for review:	
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AUDIT COMMITTEE TERMS OF REFERENCE

1. ESTABLISHMENT

The Audit Committee (the Committee) is established as an advisory committee to the Council in accordance with the Local Government Act Part 4, and section 10 (3) of the Local Government (Accounting) Regulations.

10. Internal Controls

- (1) The CEO must establish and maintain internal controls to:
 - (a) safeguard the assets of council; and*
 - (b) ensure the accuracy, completeness and reliability of the accounting data; and*
 - (c) promote the efficiency of the Council; and*
 - (d) ensure compliance with relevant laws in force in the Territory;*
 - (e) ensure adherence to Council policies.**

- (3). Without limiting subregulation (1), the CEO must establish and maintain an audit committee:
 - (a) to monitor:
 - (i) compliance by the council with proper standards of financial management; and*
 - (ii) compliance by the Council with these regulations and Accounting standards; and**
 - (b) whose chairperson must not be a member of Council or a member of Council's staff.**

2. OBJECTIVE

The Committee is to provide independent assurance and assistance to the Wagait Shire Council (the Council) and the Chief Executive Officer on:

- The internal control processes on the effectiveness of the financial and corporate governance practices;
- Compliance with legislative and regulatory requirements.

3. AUTHORITY

With consideration of legal and confidentiality implications the committee is authorised, within the capacity of its role and responsibilities, to:

- Obtain any information it requires from any employee and/or external party.
- Discuss any matters with the external auditor, or other external parties.
- Request the attendance of any employee at committee meetings.

- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

4. MEMBERS AND TENURE

The Committee consists of:

- Two Councillors.
- One Community Member, whom should have local government and accounting experience.
- The council shall appoint a chairperson from the committee nominees who is neither a councillor nor a staff member, and should have local government and accounting experience.
- The Council shall appoint Councillors to this Committee bi-annually and the Community Member shall be appointed for the term of Council.
- The CEO and Office Manager will attend meetings but will not be members of the committee.

5. VOTING RIGHTS

Each committee member will have an equal voting right. In the event of a tied vote the Chairperson is entitled to a deciding vote.

The CEO and Office Manager will not be entitled to a vote

6. KEY RESPONSIBILITIES

The audit committee is an advisory committee only. It has no power or authority to override, amend or contradict council decisions and policies.

The Committee will undertake the following functions:

- Oversee the internal audit function including development of audit programs with reference to the conduct of internal audits by appropriately qualified personnel, the monitoring of audit outcomes and the implementation of recommendations.
- Review quality of annual financial statements and other public accountability documents (such as annual reports) prior to their adoption by the Council.
- Review management's responses to external audit recommendations and monitor implementation of the agreed recommendations.
- Meet with the external and internal auditors at least once each year to receive direct feedback about any key compliance issues, and to provide feedback about the auditor's performance.
- Review and provide advice on Council's finance, governance and employment policies.
- Advise the Council about the appointment of external auditors.
- Assess the adequacy of audit scope and coverage.

7. REPORTING

The Committee will regularly report on its operation and activities, including:

- A summary of the key issues arising from each meeting of the committee.
- Annually, an overall assessment of the Council's control and compliance framework, together with a summary of the work the committee performed in conducting its responsibilities during the preceding year.
- The committee will make recommendations and report to Council.
- Information in the annual report regarding the activities of the Audit Committee. The information will include, number of meetings, Committee Membership, principal activities including reviews and audits.
- Information will be provided on Council's website which includes members, terms of reference, and draft minutes of meetings in accordance with Section 67(4) of the Local Government Act.

8. WORK PLAN

A Work Plan for the audit committee will be prepared which sets out work to be carried out by the committee in the short, medium and long term. The work plan will be reviewed annually by the Committee as part of the review of the Terms of Reference.

9. MEETINGS

The Committee will meet up to 4 times per year and a special meeting may be held to review the Council's Annual Report including financial statements.

A forward meeting plan, including meeting dates and agenda items, will be agreed to by the Committee each year and will address items listed in the Work Plan.

A quorum will consist of a majority of Committee Members.

10. SECRETARIAT

Secretariat support will be provided by the CEO.

The CEO will ensure that adequate secretarial support is provided to the committee.

The secretariat will prepare and distribute an Agenda and supporting documentation for each meeting. These should be provided at least 3 working days prior to the meeting.

Minutes of the meetings will be taken and provided to the committee members within 3 working days of the meeting.

11. CONFLICT OF INTERESTS

In accordance with Section 74(1) of the Local Government Act, committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. All details of any conflict of interests are to be minuted.

If members or observers at a Committee meeting are deemed to have a real or perceived conflict of interest, they are to be excused from Committee discussions on the issue where the conflict of interest exists.

12. CONFIDENTIAL AND IMPROPER USE OF INFORMATION

Committee Members will from time to time deal with confidential reports. Section 75 of the Local Government Act outlines the penalties applicable to people who disclose confidential information acquired as a member of a Council committee. Section 76 of the Local Government Act states that a person who makes improper use of information acquired as a member of a Council committee is guilty of an offence.

13. DUE DILIGENCE AND INDUCTION

All proposed and new members of the Committee will be entitled to receive relevant information and briefings prior to their appointment.

14. ASSESSMENT OF COMMITTEE

The chair of the committee and the CEO will initiate a review of the performance of the committee at least once every two years. The review will be on an internal assessment basis with appropriate input from the Council, CEO and senior managers, internal and external auditors, and any other relevant stakeholders.

15. REVIEW

These Terms of Reference and Work Plan will be reviewed on an annual basis by the Committee.

The committee will recommend any substantive changes to the Council for consideration.

WORK PLAN.

Timing of Meetings.

The committee Members have agreed that there should be a meeting held in early February, mid-May and early October.

The date and timing of each meeting will be determined to suit the majority of the members.

Program of Work.

Short term (to be carried out annually)

- Review of Strategic Plan and Annual Plan Financial Statements.
- Review of September and December Quarterly budget reviews
- Review draft Annual Report and Financial Statements.
- Meet with Council auditors and review and assess annual audit and auditor's opinion.
- Review committee Terms of Reference and Work Plan

Medium Term (to be carried out during the term of the Council)

- Review finance, governance and employment policies.
- Recommendations on new policies

Long Term (To be raised and considered as required and taking into consideration Legislative requirements, critical incidents and unacceptable risk as identified by the CEO).

- Asset plans
- Critical Risk analysis.