

	<b>POLICY TITLE:</b>	<b>AUDIT COMMITTEE TERMS OF REFERENCE</b>
	<b>POLICY NUMBER:</b>	<b>P29</b>
	<b>CATEGORY:</b>	<b>COUNCIL POLICY</b>
	<b>RESPONSIBLE OFFICER:</b>	<b>CHIEF EXECUTIVE OFFICER</b>

## 1. ESTABLISHMENT

This Policy sets out the Terms of Reference for the Audit Committee (the Committee). The Committee is established as an advisory committee to the Council pursuant to Part 5.2 of the *Local Government Act 2008*, and Section 10 (3) of the *Local Government (Accounting) Regulations*.

## 2. SCOPE

The Committee is to provide independent advice 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, via the Chief Executive Officer, the attendance of any employee at Committee meetings; and
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

## 4. MEMBERS AND TENURE

The Committee will comprise:

- five (5) Members;
- the Chair of the Committee must be an independent member;
- two (2) Community Members, who should have local government and/or accounting experience, or significant business experience in the field of risk management; and
- two (2) Councillors.

The CEO and Office Manager will attend meetings but will not be members of the Committee.

Independent member(s) of the Committee shall be appointed for the term of Council.

Members of the Committee are appointed by the Council. Appointment to the Committee from among the Council shall be for a period of one year. Committee members cease being a member of the Committee if they are no longer an elected member of the Council.

The selection process for the independent member(s) should consider the following factors when assessing the applicants:

- level of understanding of local government and the environment in which they operate;
- level of knowledge and practical exposure on governance and financial management practices;
- capacity to dedicate adequate time on the Committee;
- depth of knowledge of regulatory and legislative requirements; and
- ability to maintain professional relationships with staff, council members and other stakeholders.

## **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 Chief Executive Officer 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 prior to their adoption by Council;
- review the effectiveness of the Fraud Protection Plan established by the Chief Executive Officer pursuant to Section 10 (2) of the *Local Government (Accounting) Regulations*;
- 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; and
- 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;
- an overall annual 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; and
- 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 (three) of Committee Members.

## **10. SECRETARIAT**

The Chief Executive Officer 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 INTEREST**

Pursuant to Section 74(1) of the *Local Government Act 2008*, Committee members must declare any conflict of interest at the start of each meeting or before discussion of the relevant agenda item or topic. All details of any conflict of interest 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.

## 11. CONFIDENTIAL AND IMPROPER USE OF INFORMATION

Committee members will from time to time deal with confidential reports. Section 75 of the *Local Government Act 2008* outlines the penalties applicable to individuals who disclose confidential information acquired as a member of a Council committee. Section 76 of the *Local Government Act 2008* 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 Chief Executive Officer 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, Chief Executive Officer, internal and external auditors, and any other relevant stakeholders.

## 15. REVIEW

These Terms of Reference and Work Plan will be reviewed every three years by the Committee. The Committee will recommend any substantive changes to the Council for consideration.

Date Approved:	19.5.2015	Approved By: Moved: Pres P Clee Seconded: Cr A Richmond Vote: AIF	Councillors – Resolution No. 2015/185	Date for review:	Next Council Election
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Date Approved:	15.10.2019	Approved By: Moved: Pres P Clee Seconded: Cr N White Vote: Carried	Councillors – Resolution No. 2019/503	Date for review:	October 2022
Date Approved:		Approved By:		Date for review:	

# **WORK PLAN WAGAIT SHIRE COUNCIL AUDIT COMMITTEE**

## **Timing of Meetings.**

The Committee Members have agreed meetings will be held quarterly. 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 quarterly budget position;
- Review draft Annual Report and Financial Statements;
- Meet with Council auditors and review and assess annual audit and auditor's opinion; and

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

- Review finance, governance and employment policies.
- Recommendations on new policies
- Review Audit Committee Terms of Reference and Work Plan.

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

- Asset Plans
- Critical Risk Analysis