

## Audit Committee Charter

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Responsible Officer	Chief Executive Officer	Date Approved:	15/11/2023
Review Officer:	Director Corporate and Community Services	Review Due:	15/10/2027
Author:	Director Corporate and Community Services	Commencement:	15/11/2023

### 1. PURPOSE

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It is the policy of Mareeba Shire Council to maintain an Audit Committee, however Council is not required by legislation to have an Audit Committee (based on the Category/classification assigned by the State Department of State Development, Infrastructure, Local Government and Planning).

This Charter sets out the roles and responsibilities of the Audit Committee within the Council.

The Audit Committee has been established in accordance with Part 11, Subdivision 2 of the *Local Government Regulation 2012* (Qld) (LGR). It does not replace nor diminish the responsibility of management to maintain an adequate governance and internal control system and manage risks.

The Audit Committee Charter has been designed to assist Council in fulfilling its corporate governance role and oversight of financial management and reporting responsibilities. The Audit Committee is to ensure:

- Effective management of financial risks;
- Reliable management and financial reporting;
- Compliance with laws and regulations; and
- Maintenance of an effective and efficient audit.

### 2. SCOPE

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The main objective of the Audit Committee is to assist Council in fulfilling its corporate governance role and oversight of financial management and reporting responsibilities imposed under the Financial and Performance Management Standard 2009, the *Local Government Act 2009* (Qld) and other relevant legislation.

More specifically the Committee will:

- Enhance Councillors' ability to exercise due care, diligence and skill in relation to compliance with applicable laws and policy;
- Provide advice to Council (via Audit Committee) to allow Councillors confidence that processes and procedures within the organisation are appropriate and being managed properly;
- Monitor the credibility and objectivity of financial reports;
- Ensure the independence and effectiveness of Council's Internal Audit function;
- Monitor the use of appropriate accounting and disclosure policies;
- Maintain its independence from the day-to-day operation of the Council;
- Monitor existing corporate policies and recommend for consideration any new corporate policies it considers necessary to prohibit unethical, questionable or illegal activities;
- Advise Council regarding its management of its strategic risks;
- Support measures to improve internal controls and the minimisation of risks and fraud.

### **3. PROCEDURE STATEMENT**

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#### **3.1 COMPOSITION**

The Audit Committee will comprise of three (3) members of which at least two (2) members shall be Councillors as appointed by Council. The Chair of the Committee is to be selected by Council in accordance with the requirements of the LGR and must have significant experience and skills in financial matters;

As stipulated in Section 211 of the LGR, the quorum for this Committee shall be at least half the number of members with a minimum of two members. The chairperson shall preside or if the chairperson is absent, the member chosen by the members present as chairperson for the meeting presides.

The Mayor has a standing invitation to attend the meetings. Non-Member Councillors may attend in observer mode but must first request confirmation from the Chair regarding planned attendance, in advance of the meeting.

Non-voting attendees include the Chief Executive Officer and the internal auditor who will be required to attend meetings of the Audit Committee by standing invitation. Other Council officers will be invited by the Audit Committee to attend committee meetings as and when required to assist the Committee.

The Queensland Audit Office and its representatives have an open invitation to attend each meeting.

#### **3.2 INDEPENDENCE AND ACCESS**

The Audit Committee will need to liaise closely with management and internal and external auditors to carry out its responsibilities. However, the Audit Committee has neither executive authority nor responsibility in implementing any of its recommendations.

The Audit Committee will exercise a monitoring and review role over financial and other reporting, internal control, risk, ethics and compliance with laws and policies.

The Audit Committee shall endeavour to resolve any disagreements between management and the auditor on financial reporting.

The Audit Committee may recommend seeking advice from independent experts, including the appointment of an independent internal auditor, as it considers necessary, to execute its duties and responsibilities. Requests shall be forwarded through the Chief Executive Officer.

The Audit Committee has the authority to seek any information it requires from any person employed by Council or business units controlled by Council. Requests shall be forwarded through the Chief Executive Officer.

#### **3.3 RESPONSIBILITIES**

There is an expectation that the Audit Committee will report any matter identified during the course of carrying out its duties to the attention of the Council.

The general responsibilities of the Audit Committee are provided below, however Council may from time to time require the Audit Committee to perform or undertake other such tasks or actions.

#### **Control and Policies**

- Evaluate and monitor the integrity, adequacy and effectiveness of finance, administrative and operating systems and policies and procedures through communication with, and reports from management, external and internal auditors;
- Monitor the standard of corporate governance and ethical considerations;
- Monitor compliance with statutory, regulatory and policy obligations; and
- Review the operation of an accounting and financial control and risk environment.

### **Financial Reporting**

- Review the accuracy and timeliness of all financial information and the inclusion of all appropriate disclosures;
- Review any changes in accounting practices or policies or material change in accounting treatment;
- Review and make recommendations as to issues in relation to end-of-year financial statements, context of monthly reports and internal and external reports; and
- Review the Council's financial status and performance.

### **Internal and External Audit**

- Review the planned scope of the internal and external auditors to ensure they are adequate to detect any weaknesses in internal control, risk, or unethical behaviour;
- Review the draft of Council's financial statements for the preceding financial year before the statements are certified and given to the Auditor-General;
- Oversee Council's external audit and consider the audit findings and the response by management to the auditor's management letter;
- Endorse internal audit plans;
- Review internal audit reports and findings; and
- Review the implementation of recommendations made by internal and external auditors.

### **Risk Management**

- Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the financial and business risks, including fraud;
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- Review whether a sound and effective approach has been followed in establishing Council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically;

### **Reviews**

- Review the Audit Committee Policy and Charter every four years, or as required by Council, and recommend changes if required;
- Review the Council's Fraud and Corruption Prevention Policy and Guidelines and ensure appropriate processes and systems are in place to capture and effectively investigate fraud related information;
- Provide guidance in the development and implementation of risk management systems.
- Undertake a probity role as directed by the chief executive officer such as, but not limited to, probity checks on significant tender processes.

### **3.4 TERMS OF MEMBERSHIP**

Councillors will be appointed to the Committee for the term of the Council unless otherwise removed by a resolution of full Council or acceptance of a resignation. In the event of a Councillor resigning his/her position on the Committee, the full Council will nominate a Councillor to fill the vacant position.

An external member shall be appointed for a period of two years, with an option to extend for one year. Appointments of external members shall be made by way of a public advertisement; an evaluation of candidates and a recommendation for appointment put to Council.

The external member may not be a Council officer, employee or contractor. They should have significant experience and skills in financial matters and be conversant with the role of internal audit, enterprise risk management principles and the financial and other reporting requirements of local governments.

The evaluation of potential external members will be undertaken by the Mayor or a nominated Councillor; Chief Executive Officer and if appropriate the Audit Committee Chair taking account of the experience of candidates and their likely ability to apply appropriate analytical and strategic management skills.

### **3.5 MEETINGS AND REPORTING**

The Audit Committee shall meet as often as it determines, but not less than two times per year. A meeting shall be scheduled to enable the consideration of the annual audited financial statements. An additional meeting may be called to enable the consideration of the annual audited financial statements and on consideration of the Chief Executive Officer and the Audit Committee Chair for specific issues as required.

The Chairperson shall determine the agenda in conjunction with Council staff and circulate it prior to each meeting and attend to all meeting arrangements including arrange a minute taker for the meetings.

The Audit Committee shall review all audit reports and any recommendations arising from these reviews shall be tabled to Council for consideration.

All matters discussed and all material provided at Audit Committee meetings is to be considered as confidential in nature and be treated as such, in accordance with Section 275 of the LGR.

The Chairperson of the Audit Committee shall attend a Council meeting on an annual basis to formally report on the progress of the Audit Committee.

Meetings shall be conducted in accordance with the Mareeba Shire Council Handbook for Advisory Committees.

## **4. REPORTING**

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The Audit Committee will report to the next scheduled Council meeting, following each Audit Committee meeting.

## **5. DEFINITIONS**

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**Probity** - proactively demonstrating that procurement processes are robust and the outcome is beyond reproach. Probity requires acting such a way that there can be no perception of bias, influence or lack of integrity. This requires ethical conduct that exceeds the legal requirements. In the context of local government, Probity offers transparency and protection to councillors, officers and the organisation as a whole, particularly in regards to reputational risk.

## **6. RELATED DOCUMENTS AND REFERENCES**

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*Audit Committee Policy (MSC)*

*Financial and Performance Management Standard 2009 – (Financial Accountability Act 2009 (Qld))*

*Local Government Act 2009 (Qld)*

*Local Government Regulation 2012 (Qld)*

**7. REVIEW**

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It is the responsibility of the CEO to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed every four years or as required by Council.