

AUDIT COMMITTEE CHARTER

AC 27 May 2019, OM 20 June 2019

1 Establishment of the Audit Committee

The Audit Committee is established in accordance with the Local Government Regulation 2012.

The Audit Committee is an Advisory Committee and has no delegated authority, does not replace the responsibilities of Executive Management and is a source of independent advice to Council and to the Chief Executive Officer.

Accordingly, the Audit Committee is not responsible for supervising the performance of officers and does not become involved in day-to-day operations, management functions, or decision making.

2 The Charter

The Charter will be reviewed by the Audit Committee and endorsed by Council annually.

3 Objectives of the Audit Committee

The overall objective of the Audit Committee is to assist the Council and the Chief Executive Officer to discharge their duties in particular;

- Corporate Governance and responsibilities in relation to the organisation's financial reporting, internal control structure, risk management systems and the external and internal audit functions
- maintain an independent and objective forum promoting transparency, accountability and an ethical culture throughout council
- maintain by scheduling regular meetings, open lines of communications with Council, Executive Management, Internal and External Audit, to exchange information and views
- oversee and appraise the quality and efficiency of audits conducted by both the Internal and External Audit functions
- ensure both the Internal and External Audit functions are independent and effective

4 Audit Committee Membership – Composition and Appointment

Council will appoint members to the Audit Committee by Council Resolution and in accordance with the Local Government Regulations. The committee must:

- a) consist of at least 3 and no more than 6 members; and
- b) include –
 - 1, but no more than 2, councillors; and

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- At least 1 member who has significant experience and skills in financial matters

Council's principle is to appoint an independent external chairperson.

Councillors will be appointed to the committee for the full council term unless otherwise determined by Council.

Independent external members will be recruited via a publicly advertised merit based selection process and will be appointed for the period determined by Council - generally between two and four years. Independent external member appointments will be staggered to ensure appropriate continuity and succession planning.

Independent external members may be recommended for re-appointment following a review of their performance by councillor committee members and the Chief Executive Officer. However, independent external members will serve on the committee for a maximum of two consecutive council terms i.e. 8 years, unless otherwise determined by Council.

Invitees to the Audit Committee may attend meetings with the approval of the Audit Committee. Invitees are not members of the Audit Committee and have no voting rights. The general public may not attend Audit Committee meetings. Permanent invitees include;

- Councillors
- Chief Executive Officer and Group Executives
- Internal and External Audit

5 Quorum

A quorum will consist of 2 Audit Committee members.

6 Meetings

As a minimum, the committee will meet 4 times per year or as determined by Council or the committee. The 4th meeting may occur by teleconference with the external auditor to conduct a final review of the financial statements prior to certification of financial statements.

The Agenda and attachments will be distributed to Councillors, Audit Committee members and to Executive Management prior to the meetings in accordance with the Council's Statutory Meeting Process.

The Audit Committee Agenda with attachments are designed for internal reporting purposes and shall not be released to the general public. However, information

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may at Full Council's discretion, be made publicly available in a format suitable for external reporting.

As soon as practicable after each meeting, a written report about the matters reviewed at the meeting and the committee's recommendations will be provided to Council.

7 Access to Information and Training

The Audit Committee shall have the authority to seek all information it deems necessary to fulfil its' duties and responsibilities from any person employed by Council, or employees of operations controlled by Council. The committee is also authorised to consult with and seek independent expert advice, as it considers necessary.

Requests will be undertaken through the Chief Executive Officer.

Training that may assist Audit Committee members to undertake their duties within the speciality of the Local Government environment may be requested through the Chief Executive Officer.

8 Duties and Responsibilities

The Audit Committee has a key role in strengthening the control environment and ensuring the establishment of an appropriate ethical culture. The committee's main responsibilities include inter alia:

Financial Reporting

- review the draft Financial Statements for the preceding financial year before the statement is certified
- review the Auditor General's report about the council's financial statements for the preceding financial year

Internal Control and Risk Management

- evaluate and monitor the integrity, adequacy and effectiveness of finance, administrative and operating systems, policies and procedures through communication with, and reports from management, Internal and External Audit
- monitor the standard of corporate conduct in areas such as arm's-length dealings, likely conflicts of interest, and take an active interest in ethical considerations regarding council policies and practices
- monitor compliance with statutory and regulatory obligations
- ensure that an effective risk management system is operating and monitor risk management strategies, policies and processes controlled through the quality systems

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Internal and External Audit

- review Internal and External Audit Work Plans and make recommendations to maximise the overall cost effectiveness of the audit process
- review Internal and External Audit reports and monitor management's implementation audit recommendations to improve the control environment
- The committee will meet with Internal and External Audit independent of management as determined necessary

9 Performance Review

To ensure that the Audit Committee is fulfilling charter responsibilities and operating effectively in accordance with current best practice, a formal assessment process will be undertaken biennially or as determined by the committee.