

	CHARTER	
	Audit and Risk Committee Charter	
	Policy Number	CP003
	Directorate	Organisational Services
	Owner	Ken Diehm, Chief Executive Officer
	Last Approved	20 November 2024
	Review Due	20 November 2027

1. PURPOSE

This Charter sets out the objectives, authority, responsibilities, composition, tenure, reporting and administrative arrangements for the Audit and Risk Committee of Fraser Coast Regional Council (Council) which has been established to fulfil the requirements of Section 105 (2) of the *Local Government Act 2009*.

2. SCOPE

The scope of Audit and Risk Committee responsibilities under this Charter extends to all the operations and activities of the Council.

3. OBJECTIVES

The primary objective of the Audit and Risk Committee is to promote good corporate governance through the provision of independent assurance, oversight and advice to Council and the Chief Executive Officer on matters relating to internal and external audit, financial statement preparation and financial management, risk management, internal control, governance.

4. MANDATE

The committee is established and governed in accordance with *the Local Government Act 2009* and *Local Government Regulation 2012*.

Section 105 (4) of the Local Government Act 2009 requires that the Committee:

(a) *monitors and reviews—*

(i) *the integrity of financial documents; and*

(ii) *the internal audit function; and*

(iii) *the effectiveness and objectivity of the local government’s internal auditors; and*

(b) *makes recommendations to the local government about any matters that the audit committee considers need action or improvement.*

5. DEFINITIONS

n/a

6. AUTHORITY

The Audit and Risk Committee is an advisory committee of Council, and has no executive powers. The Audit and Risk Committee has authority to review and make recommendations to Council on matters within its scope as outlined in this Charter. In doing so, Council authorises the Committee to:

- 6.1 Obtain any information it requires from any employee and/or external party (subject to their legal obligation to protect information);
- 6.2 Discuss any matters with Council's external auditors and internal auditors as necessary (subject to confidentiality considerations);
- 6.3 Request the attendance of any employee at committee meetings;
- 6.4 Subject to the approval of Council, obtain external legal or other professional advice, as considered necessary to meeting its responsibilities; and
- 6.5 Approve internal audit plans on its behalf.

7. COMPOSITION

Membership of the Audit and Risk Committee shall be as follows, and all appointments will have voting rights:

- Two (2) Councillors of the Fraser Coast Regional Council appointed in accordance with practices and procedures of Council; and
- Three (3) external appointments, appointed by Council following the calling of applications.

Each member of the Audit and Risk Committee will be entitled to only one (1) vote. In the case of equality of votes the matter will be resolved in the negative.

The Chief Executive Officer will be invited to attend meetings of the Committee and will have no voting rights.

Representatives from internal audit, risk management, external audit and other officers where necessary may be invited to attend Committee meetings and provide technical and other advice to the Committee.

8. APPOINTMENT AND TENURE

- 8.1 Councillor members will be appointed to the committee by Council and will cease to hold office after the Ordinary election of the Council.
- 8.2 External members will be recruited via a publically advertised merit based selection process which will provide a balance of professional skills, knowledge and technical experience appropriate to the responsibilities of the committee.
- 8.3 At least one (1) member who has significant experience and skills in financial matters is required to be appointed to the Audit and Risk Committee.

- 8.4 Appointments of external members to the committee will be staggered to ensure appropriate continuity and succession planning.
- 8.5 External members shall be appointed for a maximum term of five (5) years, subject to an annual performance review process.
- 8.6 External members may reapply and can serve a maximum of two (2) terms (unless otherwise determined by Council).
- 8.7 The Staff Code of Conduct applies to external members in the same way as the Councillor Code of Conduct applies to Councillors, and external members are expected to observe the same ethical and behavioural standards as other council officials.
- 8.8 Remuneration and reimbursement of expenditure for external members will be at the discretion of Council.
- 8.9 New members of the Audit and Risk Committee will be provided with induction material to allow members to familiarise themselves with the organisation and to facilitate their understanding of the committee's responsibilities under this Charter.
- 8.10 Relevant training opportunities that are considered to assist external members to undertake their committee duties may be provided at the discretion of the Chief Executive Officer.
- 8.11 Members of the Audit and Risk Committee shall cease to hold office:
- i. If the Audit and Risk Committee is dissolved by Council
 - ii. Upon written resignation
 - iii. If absent without prior approval of the Audit and Risk Committee for three (3) consecutive meetings; or
 - iv. If the Council by resolution determines that the member has breached Fraser Coast Regional Council's Code of Conduct.
- 8.12 Council by resolution reserves the right to terminate external Audit and Risk Committee appointments.
- 8.13 If Council proposes to remove a member of the Audit and Risk Committee, it shall give written notice to the member of its intention to do so, and if that member so requests provide the member with the opportunity to be heard.

9. CHAIRPERSON

Council will appoint one of the external members as the committee Chairperson. The position of Chairperson shall not be held by the same person for any longer than four (4) consecutive years.

The Chair will receive additional remuneration as determined by Council in recognition of the additional time and responsibilities associated with the role.

10. COMMITTEE FUNCTIONS AND RESPONSIBILITIES

The Audit and Risk Committee will provide oversight, monitoring, review and advisory activities in the following responsibility areas.

10.1 Internal Audit

- Act as a forum for communication between Council, Executive, Internal Audit, and External Audit;
- Approve, on behalf of Council, the Internal Audit Charter, including the authority, role and responsibilities of the internal audit function;
- Approve, on behalf of Council, the Internal Audit Strategy and the annual Internal Audit Plan;
- Review the resources (including skills and technology) available to internal audit to ensure that they are appropriate to the needs of Council;
- Monitor the independence of the internal auditor and the quality of internal audit activity;
- Monitor and review management responses to any internal audit findings and recommendations

10.2 Risk Management

Evaluate whether processes are in place to address key roles and responsibilities in relation to risk management. In particular, the Audit and Risk Committee should consider:

- The framework for identifying, monitoring and managing significant risks;
- Fraud-related risks;
- Risks of non-compliance with key laws and regulations including whistleblower and ethical conduct;
- Risks associated with the breakdown in key internal controls in processes such as financial reporting and financial management;
- Business continuity planning and disaster preparedness.

10.3 Control Framework

Evaluate the adequacy of the control environment through a review of Council's internal control framework, the findings of internal and external audit and the consideration of management responses to those findings to provide reasonable assurance that the systems of **internal control** are of a high standard and functioning as intended.

10.4 Internal Reporting

- Consider the appropriateness of and appraise Council's financial and operational reporting processes with a view to ensuring the effective communication of Council's financial position to Council and management on a regular basis;
- Review Council's long term financial planning processes including annual budget process, timetable and format;
- Ensure the reporting of financial and operational information to the users of its reports in a relevant, reliable and timely manner.

10.5 External Audit

- Act as a forum for communication between Council, Executive, Internal Audit, and External Audit;
- Monitor and review management responses to any external audit findings and recommendations;
- Review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations;
- Review letters and reports provided by an external auditor.

10.6 External Reporting

- Review Council's Annual Report and Financial Statements (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their adoption by Council;
- Consider the appropriateness of Council accounting policies and principles ensuring that they are in accordance with relevant legislation and accounting standards.

10.7 Compliance and Performance

- Reviewing the effectiveness of how Council monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- Monitoring the effectiveness of Council's performance information and compliance with the performance management framework and performance reporting requirements.

10.8 Work Health and Safety

- Review the appropriateness of Council's Corporate Work Health and Safety Framework to ensure Council fulfils its duties under the *Work Health and Safety Act 2011*.

11. RELATIONSHIPS

- 11.1 The Audit and Risk Committee shall act as a forum for Internal Audit and oversee its planning, monitoring and reporting processes. This process shall form part of the governance processes that ensure Council's internal audit function operates effectively, efficiently and economically;
- 11.2 The Committee will liaise closely with Council's Executive and ensure there is frank and meaningful exchange of information where this is necessary or desirable;
- 11.3 Each Council employee must provide full, frank and meaningful advice on any issue raised by the Audit and Risk Committee within fourteen days of receiving such a request and shall cooperate fully with the activities of the Committee in all other respects;
- 11.4 The role of the Audit and Risk Committee with respect to management will focus on whether actions proposed to address audit concerns are satisfactory and cost-effective and

will enhance the effectiveness and efficiency with which Council delivers its outputs and contributes to whole of Council priorities;

- 11.5 The Audit and Risk Committee shall maintain open lines of communication, by scheduling informal meetings or facilitating sessions, with Council, Council's Executive, Internal and External Audit;
- 11.6 The Audit and Risk Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken. It shall however act as a forum for the consideration of external audit findings and shall ensure that these are balanced with the views of management;
- 11.7 The Committee shall consult with external audit on the proposed audit strategy for each year and ensure that an integrated audit process occurs, to the extent practicable.

12. ADMINISTRATIVE ARRANGEMENTS

12.1. General

The Audit and Risk Committee will maintain a Work Plan that includes the dates and proposed agenda items for each meeting for the forthcoming year to demonstrate how it intends to discharge its responsibilities under this Charter.

The internal auditor will coordinate and provide administrative support to the committee.

12.2. Meetings

Committee meetings shall be held at least four (4) times per year, with authority to convene additional meetings as required to consider financial statements or other matters, at the discretion of the Chairperson.

Members shall be given at least five (5) working days notice of a meeting.

Use of video conferencing facilities is permitted.

External members, if not primarily based in the Fraser Coast region, are encouraged to physically attend at least one meeting per year.

12.3. Quorum

A quorum of the Audit and Risk Committee will be the majority (or one-half) of the voting members being present, provided that at least one independent member is present.

12.4. Agendas and minutes

The Chief Executive Officer will be the Executive Officer to the Committee, and will be responsible for specialist reports, and all correspondence associated with the Audit and Risk Committee.

The meeting agenda shall be distributed to all members of the committee at least five (5) working days prior to each meeting.

Council will provide a meeting secretary for the purpose of recording the minutes of meetings and for the distribution of minutes following meetings.

Minutes of meetings, including recommendations, shall be forwarded to the committee members as soon as possible following the meeting. Minutes of meetings will be submitted to the Ordinary Meeting of Council as soon as possible following the committee meeting.

12.5. Reporting

Annually, the committee Chairperson will initiate a review of the performance of the committee.

Following each meeting of the committee a report (minutes) is to be provided to the next Ordinary Meeting of Council.

At least annually, the committee Chairperson shall prepare a report to Council summarising the operation and activities of the committee for the previous period, including:

- A summary of the work the committee performed in the discharge of its responsibilities during the previous year;
- Progress in addressing the findings and recommendations made in internal and external audits;
- A summary of observations in relation to Council’s risk, control and compliance framework, including details of significant emerging risks or issues affecting Council;
- Details of meetings, including the number of meetings held during the period, and the number of meetings each member attended.

The Chair will attend Council to present the annual report of the Audit and Risk Committee.

The Chair, or Council, may request that the committee provide a briefing to Councillors from time to time.

13. ASSOCIATED DOCUMENTS

Audit Committee Policy	DOC# 3218662
Internal Audit Policy	DOC# 3196069
Internal Audit Charter	DOC# 3218668

14. REVIEW

This Charter will be reviewed when related legislation/documents are amended or replaced, other circumstances as determined from time to time by Council or at intervals of no more than three years.

Version Control

Version Number	Key Changes	Approval Authority	Approval Date	Document Number
6	Amendment – Review & transfer to new template and align with Global Internal Audit Standards	Council	20/11/2024	3071357
7				