

	CHARTER	
	Audit and Risk Committee Charter	
	Policy Number	CP003
	Directorate	Organisational Services
	Owner	Ken Diehm, Chief Executive Officer
	Last Approved	26/04/2023
	Review Due	26/04/2026

1. INTRODUCTION

Fraser Coast Regional Council has established an Audit and Risk Committee to fulfil the requirements of Section 105 (2) of the *Local Government Act 2009*.

This Charter sets out the Audit and Risk Committee’s objective, authority, composition and tenure, roles and responsibilities and reporting and administrative arrangements.

2. OBJECTIVES AND PURPOSE

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

1. monitors and reviews—

- the integrity of financial documents; and
- the internal audit function; and
- the effectiveness and objectivity of Council’s internal auditors; and

2. makes recommendations to the Council about any matters that the Committee considers need action or improvement.

b. In addition to the above requirements, the objective of the Audit and Risk Committee is to:

1. Provide independent assurance and advise Council on matters of accountability, risk management and internal control and assist Council in effectively discharging its responsibilities;
2. Review and make recommendations to Council on matters referred to the Committee;
3. Provide an oversight function on Council’s overall financial performance including strategic financial policies;
4. Monitor and report on the relevance of Council’s medium and long-term financial policies to Council’s overall strategic direction; and
5. Monitor and review strategic performance measurement criteria.

- c. The Committee does not replace or replicate established management responsibilities or the reporting obligations of either internal audit or external audit functions.

3. AUTHORITY

The Audit and Risk Committee has no executive powers and is constituted as an advisory committee of Council. Council authorises the Committee, within the scope of its roles and responsibilities to:

1. Obtain any information it requires from any employee and/or external party (subject to their legal obligation to protect information);
2. Discuss any matters with Council's external auditors as necessary (subject to confidentiality considerations);
3. Request the attendance of any Council employee at Committee meetings; and
4. Subject to the approval of Council, obtain external legal or other professional advice, as considered necessary to meeting its responsibilities.

4. COMPOSITION

- a. Membership of the Audit and Risk Committee shall be as follows, and all the under mentioned 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.
- b. At least 1 member who has significant experience and skills in financial matters is required to be appointed to the Audit and Risk Committee;
- c. Council will appoint one of the external members as Chairperson;
- d. The position of Chairperson shall not be held by the same person for any longer than four (4) consecutive years;
- e. Each member of the Audit and Risk Committee will be entitled to only one (1) vote;
- f. In the case of equality of votes the matter will be resolved in the negative;
- g. The Chief Executive Officer will be invited to attend meetings of the Committee and will have no voting rights;
- h. 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;
- i. Where advice is required in relation to a matter subject to a committee inquiry and it is considered sufficiently material to warrant the services of a specialist consultant external to Council, the committee may request Council for such expert assistance

5. APPOINTMENT AND TERMS OF MEMBERSHIP

- a. Councillor appointments to the Audit and Risk Committee shall be determined annually by Council and will cease to hold office after the Ordinary election of the Council;
- b. Council shall, three months prior to expiration of external members' term, place advertisements in appropriate media inviting nominations from individuals with appropriate professional qualifications for membership of the Audit and Risk Committee;
- c. External members will be selected to provide a balance of professional skills, knowledge and technical experience appropriate to the responsibilities of the Committee.
- d. Appointments of external members to the committee will be staggered to ensure appropriate continuity and succession planning;
- e. External members shall be appointed for a maximum term of five years, subject to an annual performance review process;
- f. External members may reapply and can serve a maximum of two terms;
- g. The maximum term for external members may be extended until a suitable applicant is appointed;
- h. Remuneration and reimbursement of expenditure for external members will be at the discretion of Council;
- i. The Chairperson will receive additional remuneration as determined by Council in recognition of the additional time and responsibilities associated with this role;
- j. Members of the Audit and Risk Committee shall cease to hold office:
 1. If the Audit and Risk Committee is dissolved by Council;
 2. Upon written resignation;
 3. If absent without prior approval of the Audit and Risk Committee for three (3) consecutive meetings; or
 4. If the Council by resolution determines that the member has breached Fraser Coast Regional Council's Code of Conduct.
- k. The Staff Code of Conduct is to be taken to apply to external members in the same way as the Councillor Code of Conduct applies to Councillors;
- l. Council by resolution reserves the right to terminate external Audit and Risk Committee appointments.
- m. 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.

6. QUALITIES AND ATTRIBUTES OF AUDIT AND RISK COMMITTEE MEMBERS

Audit committee members are collectively expected to possess the following expertise and personal qualities:

- An understanding of the core activities of Council and its controlled entities. This understanding to include the environment in which they operate, the strengths, weaknesses, opportunities and threats;
- Commitment to the continual improvement of the outputs that the Council delivers and that contribute to the achievement of Council's priorities;
- Strong business acumen and management skills;
- High level of understanding of best practice internal control, risk management and corporate governance;
- Sound knowledge of information systems and emerging technology;
- High level of competency in financial and operational reporting and the ability to analyse complex financial reports and statutory financial statements;
- An inquiring attitude, objectivity and independence; and
- Strong, demonstrated sense of probity and ethical conduct.

7. AUDIT AND RISK COMMITTEE FUNCTIONS AND RESPONSIBILITIES

In the discharge of its responsibilities, key duties of the committee shall include the provision of reasonable assurance to Council that its core business goals and objectives are being achieved efficiently and economically, within an appropriate framework of internal control and risk management.

In accordance with legislation, the Committee's core duties shall include:

a. Internal Audit

- Evaluate the quality of, and facilitate the practical discharge of the Internal Audit function, particularly in respect of planning, monitoring and reporting;
- Review and assess the adequacy of the Internal Audit Charter (DOC#3218668);
- Review the reporting structure, qualification requirements, ethical practices and experience of the Internal Auditor;
- Review Internal Audit plan to ensure an optimum, cost-effective assurance cover;
- Review internal audit plan and work program;
- Monitor the progress and performance of Internal Audit against its annual audit plan;
- Monitor management's response to internal audit findings and recommendations and the actions proposed to be taken by management, including an assessment of the proposed solution to ensure the most appropriate and cost-effective response;
- Monitor Council's progress on the implementation of internal audit recommendations;

- Assess and contribute to the audit planning processes relating to the risks and threats, taking into account the financial and operational environment in which it operates and its performance management framework.

b. 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.

c. 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.

d. 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.

e. External Audit

- Act as a forum for communication between Council, Executive, the Internal Audit and External Audit;
- Monitor the effectiveness and independence of the external auditor;
- 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.

f. 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.

g. 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.

h. Work Place 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*.

8. RELATIONSHIPS

- a. 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;
- b. 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;
- c. 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;
- d. 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;
- e. 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;
- f. 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.

9. ETHICAL PRACTICES

- a. Members of the Audit and Risk Committee shall, at all times in the discharge of their duties and responsibilities, exercise honesty, objectivity and probity and not engage knowingly in acts or activities that have the potential to bring discredit to Council;

- b. Members shall refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively and shall at all times act in a proper and prudent manner in the use of information acquired in the course of their duties;
- c. Members shall not use Council information for any personal gain for themselves or their immediate families or in any manner that may be contrary to the law or detrimental to the welfare and goodwill of the Council or for any other purpose than to satisfy obligations as a member of the Committee. Members shall not publicly comment on matters relative to activities of the Committee other than as authorised by Council.

10. PROCEDURES AND GENERAL

Meeting Times

- a. Meetings of the Committee shall be held at least four (4) times per year. Special meetings may be convened at the discretion of the Chairperson as may be necessary to address any matters referred to the Committee or in respect of matters that the committee wishes to pursue;
- b. No meeting of the Audit and Risk Committee shall be held unless five (5) days notice has been given to all members;

Agenda and Minutes

- c. 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;
- d. The Council will provide a Minute Secretary for the purpose of recording the Minutes of Audit and Risk Committee meetings and for the distribution of Minutes following meetings of the Committee;
- e. Meeting agenda shall be prepared and distributed to all members of the Committee at least five (5) working days prior to a meeting;
- f. The Minute Secretary shall forward a copy of the Minutes including recommendations of each Audit and Risk Committee meeting to all Committee members, as well as to Council, for submission to the Ordinary Meeting, as soon as possible following the meeting.

Meeting Process

- g. A quorum of the Audit and Risk Committee shall be constituted by the majority of members of the Committee being present at the meetings;
- h. The use of teleconference and video conference facilities are permitted;
- i. External members, if not primarily based in the Fraser Coast Region are encouraged to physically attend at least one meeting per year;
- j. As far as practicable, decisions of the Committee shall be regarded as its collective decision or advice. However, where there is material dissension to a decision, a minority view may be placed before the Council;
- k. Except as otherwise provided for herein the rules governing meetings and the procedures of the Audit and Risk Committee shall, so far as they apply, be those covered by Fraser Coast Regional Council's Local Law for meeting practice;

- I. Any recommendations of the Audit and Risk Committee shall not be considered as resolutions of Council, unless specifically adopted by Council.

11. EVALUATION OF COMMITTEE PERFORMANCE

- a. Annually, the Committee Chairperson shall assess the performance of the Committee and take appropriate action in respect of areas where there is a perceived need for enhancement of its role, operational processes or membership;
- b. A summary of the role and achievements of the Committee shall be included in the annual report of Council together with a statement that the committee has observed the terms of its charter;
- c. Annually, the Committee Chairperson shall provide each individual member of the Committee with feedback on that person’s work performance and professional contributions to the Committee’s activities for the year;
- d. At least annually, the Committee Chairperson shall prepare a report to Council summarising the performance and achievements of the committee for the previous period. An interim program of the committee’s activities for the coming period shall also be provided;
- e. At least once a year the Audit and Risk Committee in consultation with Council will review this charter. Any substantive changes to the charter will be recommended by the Audit and Risk Committee for formal consideration by Council.

12.ASSOCIATED DOCUMENTS

Audit & Risk Committee Policy [DOC#3218662](#)
 Internal Audit Policy [DOC#3196069](#)
 Internal Audit Charter [DOC#3218668](#)

13.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	Council	26/04/2023	3071357
7				