



# NORTHERN MIDLANDS COUNCIL

## POLICY MANUAL

### AUDIT COMMITTEE

<b>Originated Date:</b>	Adopted 21 September 2015 – Min. No. 270/15 (Replacing previous Audit Committee Policy adopted 18 February 2013 – Min. No. 43/13 (as Policy 68) and last reviewed 9 December 2013 – Min. No. 354/13)
<b>Amended Date/s:</b>	Reviewed 20 August 2018 – Min No. 230/18
<b>Applicable Legislation:</b>	<i>Local Government Act 1993 &amp; Local Government (Meeting Procedures) 2005, Audit Act 2008</i>
<b>Objective</b>	To establish the role, responsibility, structure and process of the Audit Committee.
<b>Administration:</b>	Corporate Services
<b>Review Cycle/Date:</b>	At least every 4 years. Next review 2022

#### 1. PURPOSE

To set out the objectives, authority, composition, tenure, functions, reporting and administrative arrangements of the Audit Committee.

#### 2. OBJECTIVE

The objective of the Audit Committee is to review the council's performance under section 85A of the Act and report to the council its conclusions and recommendations.

#### 3. AUTHORITY

The Council authorises the audit panel, within its responsibilities, to:

- obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- discuss any matters with the Tasmanian Audit Office (TAO), or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including members of the Council, at audit panel meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, to a pre-approved limit set in the annual budget.

#### 4. COMPOSITION AND TENURE

The audit panel comprises two councillors and two independent members, appointed by the council.

The Council will appoint an independent member as the chairperson of the panel.

Audit panel members are appointed for a period of not less than one year, and not exceeding four years.

Audit panel members may be re-appointed at the approval of the Council.

#### 5. FUNCTIONS

To comply with the Audit Panels Order, when reviewing the Council's performance the audit panel is to consider:

- the Council's financial system, financial governance arrangements and financial management;
- whether the annual financial statements of the Council accurately represent the state of affairs of the council;
- whether and how the strategic plan, annual plan, long-term financial management plan and long-term strategic asset management plans of the Council are integrated and the processes by which, and assumptions under which,



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those plans were prepared;

- the accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that the Council has in relation to safeguarding its long-term financial position;
- whether the Council is complying with the provisions of the Act and any other relevant legislation; and whether the Council has taken any action in relation to previous recommendations provided by the audit panel to the Council and, if it has so taken action, what that action was and its effectiveness.

### 5.1 KEY AREAS

In fulfilling its functions, the audit panel should consider the following key areas:

- corporate governance;
- human resource management, including policies, procedures and enterprise agreements;
- information and communications technology governance;
- management and governance of the use of data, information and knowledge; and
- internal and external reporting requirements.

## **6. RESPONSIBILITIES OF PANEL MEMBERS**

Members of the audit panel are expected to understand and observe the legal requirements of the Act and the Audit panels Order. Members are also expected to:

- act in the best interests of the council;
- apply sound analytical skills, objectivity and judgment;
- express opinions constructively and openly, raise issues that relate to the audit panel's functions and pursue independent lines of enquiry; and
- contribute the time required to review the papers provided.

## **7. REPORTING**

The audit panel is to provide a copy of its meeting minutes to the Council as soon as practicable after each audit panel meeting.

If the audit panel has conducted a review under section 85A of the Act, the audit panel must provide a written report of its conclusions and recommendations to the Council as soon as practicable after the review is completed.

## **7. ADMINISTRATIVE ARRANGEMENTS**

### 8.1 MEETINGS

The audit panel will meet at least four times per year.

The audit panel is to regulate its own proceedings in accordance with this charter.

The chairperson may determine that a meeting is to be held in private.

The general manager and financial manager, or their delegates, are to attend audit panel meetings unless the chairperson determines a meeting is to be held in private.

The audit panel may invite any councillor and/or employee of the Council and/or representative of the TAO to attend meetings of the audit panel.

### 8.2 QUORUM

A quorum of an audit panel meeting is two members, including an independent member.



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### 8.3 WORK PLAN

The audit panel is to develop an annual work plan that includes, but is not limited to, a schedule of meetings and the known objectives for each meeting.

The forward meeting schedule should include the dates, location, and proposed agenda items for each meeting.

### 8.4 SECRETARIAT

The Council, in consultation with the audit panel, will appoint a person to provide secretariat support to the audit panel. The secretariat will:

- ensure the agenda for each meeting is approved by the chairperson;
- ensure the agenda and supporting papers are circulated at least one week prior to the meeting; and
- ensure the minutes of the meetings are prepared and submitted to the Council as soon as practicable after each meeting.

### 8.5 INTERESTS

Audit panel members must declare to the chairperson any pecuniary or non-pecuniary interests that may affect them carrying out their functions. Details of any pecuniary or non-pecuniary interests declared by members will be appropriately minuted.

Independent members are to consider past employment, consultancy arrangements and related party issues in making these declarations.

At the beginning of each audit panel meeting, members are required to declare any potential or actual pecuniary or non-pecuniary interest that may apply to specific matters on the meeting agenda. Where required by the chairperson, the member will be excused from the meeting or from the audit panel's consideration of the relevant agenda item(s). Details of potential or actual pecuniary or non-pecuniary interests declared by members will be appropriately minuted.

### 8.6 INDUCTION

The Council will provide new audit panel members with relevant information and briefings on their appointment to assist them to meet their audit panel responsibilities.

### 8.7 REMUNERATION

Independent members of the audit panel shall be paid an annual sitting fee per meeting attended.

The chairperson of the audit panel shall be paid a sitting fee of per meeting attended.

## **9. REVIEW**

The Council will review this charter at least every four years.