



Audit & Risk Committee

CHARTER

As adopted by Council on 25 November 2020 – Refer Minute

AUDIT AND RISK COMMITTEE CHARTER

Role

The Gympie Regional Council (Council) has established an Audit Committee as part of its responsibilities in relation to the corporate governance of the organisation and in compliance with section 105 of the *Local Government Act 2009*. The Audit Committee will be named the Audit and Risk Committee (Committee).

The Committee's primary function is to promote good corporate governance through the provision of independent assurance, oversight, review and advisory activities to Council and the Chief Executive Officer to effectively monitor and ensure business systems and processes are operating effectively.

Objectives

The Committee will provide oversight, monitoring, review and advisory activities to Council towards the governance of the organisation, and in exercising due care, diligence and skill in relation to:

- reporting of financial information;
 - application of accounting policies;
 - financial management;
 - the internal control system;
 - the risk management system;
 - the performance system;
 - Legislative policies and practices and compliance;
 - protection of assets; and
 - compliance with applicable laws, regulations, standards and best practice guidelines.
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- improving the credibility and objectivity of the accountability process;
 - overseeing the effectiveness of the internal and external audit functions;
 - providing a structured reporting line for internal audit and monitoring the objectivity and independence of internal audit.
 - assuring the quality of internal and external reporting of financial information;

- assessing if an ethical culture has been embedded throughout the organisation;
- support measures to improve governance, risk and internal controls.
- Monitor and assess fraud and corruption control strategy, including mechanisms in place to identify, assess and manage fraud and corruption risk

Authority and Independence

The Audit and Risk Committee is independent of management and does not have any executive powers or delegated authority to implement actions over which management has responsibility. The primary responsibility for financial and other reporting, internal control and compliance with laws, regulations and ethics within Council rests with management. The Committee will need to liaise closely with management, internal and external auditors to carry out its responsibilities.

The Committee will be provided with adequate resources in order to fulfil its oversight responsibilities.

The Council authorises the Committee, within the scope of its role and responsibilities, through the Chair, to:

- seek any information it requires from:
 - any employee.
 - external parties.

All information requests are to be made through the Chief Executive Officer.

- obtain external legal or other independent professional advice with the agreement of the Chief Executive Officer.

Composition and tenure

The Council is responsible for the appointment of Committee members.

The Committee must consist of at least four and not more than six members including two, but no more than two, Councillors.

At least one member must have significant experience and skills in financial matters.

The Council must appoint one of the members of the Committee as Chair. The Chair of the Committee is critical to the overall effectiveness of the committee. The Chair is to be an independent Committee member i.e. a non-Councillor member.

Councillors will be appointed for the term of the Council. Independent members will be appointed for a four-year term on a rotational basis using a staggered annual appointment process.

The Mayor and all non-member Councillors are invited to attend meetings of the Committee as observers only. The Chief Executive Officer, Internal Auditor and Coordinator Risk Management are invited to attend all Committee meetings, however only Committee members have voting rights. Other than Committee members, no attendee is able to participate in any discussions at the meeting, including by asking questions or making comments, other than with the approval of the Chair of the Committee.

Non-Members are obliged to make known if they have any conflicts of interest prior to meeting attendance.

Non-Members are bound to the terms of the Charter and confidentiality.

The Chair may ask any observer or other invitee to leave the meeting at any time.

The External Auditor and other Council officers should attend as required by the Committee.

All requests and invites from the Committee for Council officers and contractors to attend a meeting of the Committee are to be made through the Chief Executive Officer in consultation with the Chair of the Committee.

Non-permanent invitees will be requested to attend Committee meetings only for the duration of their presentations and/or for the purpose of providing responses to queries from the Committee. The Committee Chair will liaise with the Chief Executive Officer as required in respect to who is invited to attend the meeting for specific agenda items.

The Queensland Audit Office will be notified of the Committee's meeting schedule and invited to attend meetings of the Committee as appropriate.

Due to the nature of the work of the Committee and the potential sensitivity of material, the meetings of the committee are not open to the public

Responsibilities

The Committee has no executive powers.

The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the organisation rests with the Chief Executive Officer.

Members of the Committee are expected to understand and observe the legal requirements of the *Local Government Act 2009* and the *Local Government Regulation 2012*. Members are also expected to:

- contribute the time needed to study and understand the papers provided;
- apply good analytical skills, objectivity and good judgement; and
- express opinions frankly and ask questions that go to the fundamental core of the issue

The functions and responsibilities of the Committee include oversight in relation to:

Corporate Governance, Compliance, Risk Management and Control Framework

- Monitor the effectiveness of:
 - the risk management and internal control framework
 - fraud management controls and incident reporting
 - the corporate risk management system
 - key governance processes
 - asset management
- Review reports on the activities and investigations of any significant fraud prevention and security related matters.
- Review the matters specified in Section 105 of the *Local Government Act 2009* and Section 211 of the *Local Government Regulation 2012*.
- Review any other matters referred to it by the Chief Executive Officer.
- Review the fraud control plan and satisfy itself that appropriate processes and systems are in place to capture and effectively investigate fraud related information.

Financial Statements

- Review and consider the financial statements, long term financial plan and other relevant financial reports of Council;
- Monitor whether the timeliness of preparation of the annual financial statements is appropriate;
- Monitor and consider management's compliance with statutory requirements.

- Obtain written assurance from management that the annual financial statements comply with all prescribed accounting requirements and are materially correct prior to recommending the financial statements for certification

Internal and External Audit

- review and monitor whether the audit process is effective;
- ensure the objectivity and independence of the audit functions;
- monitor and review audit plans, reports and activities;
- ensure auditors receive the timely cooperation of all levels of management;
- review and resolve differences of opinion between audit and management;
- critically review timely and reasonable implementation of management's agreed upon responses to audit's recommendations, findings and advice;
- ensure there are no restrictions placed on the audit functions by management;
- review the adequacy of internal audit resources.

Reporting Responsibilities

The Committee will, as soon as practicable after a meeting of the Committee is concluded, provide a written report to Council about the matters reviewed at the meeting and stating any recommendations the Committee has about the matters. (Section 211 (1c) *Local Government Regulation 2012*). The Chief Executive Officer must present the report at the next meeting of the Council.

The recommendation to receive the report at an Ordinary Meeting of Council should further include any specific actions within that recommendation which the Committee seeks the Council to undertake as a result of the Committee's deliberations.

The Committee may, at any time, report to the Council any other matter it deems of sufficient importance to do so.

The Committee should meet at least four times per year and additionally as it considers necessary, but must meet at least twice each financial year. The internal or external auditors may request a meeting if they consider that one is necessary.

A quorum will consist of at least half the number of members of the Committee.

The Committee may meet separately with both the internal and external auditors at any time during the year.

The Committee may at any time, by resolution, require that the meeting move into a confidential session whereby all, or some of the non-Committee attendees are required to leave the meeting room while a matter is discussed. Any such resolution must be included within the minutes and confirm the reason for the confidential session, and also who was in attendance during any confidential session of the Committee.

In the Chair's absence from a meeting, the members of the Committee present at the meeting will select a Chair for that particular meeting. (Section 211 (2) *Local Government Regulation 2012*).

The selected Chair is to be an independent Committee member.

Secretariat

A Council-appointed person will provide secretariat support to the committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated to each Committee member, the Chief Executive Officer, Internal Auditor and Coordinator Risk Management, after approval from the Chair, at least one week before the meeting, and ensure the minutes of the meetings are prepared and maintained.

Minutes must be approved by the Chair and circulated within two weeks of the meeting to each Committee member, the Chief Executive Officer, Executive Team and Internal Auditor. Minutes will be circulated to all Councillors and may be circulated to other attendees as considered appropriate by the Chief Executive Officer.

A list of items to be discussed at each Committee meeting will be circulated to the Mayor and all non-member Councillors at the same the time the agenda is provided to Committee members.

All non-member Councillors will receive the statutory update report from the Committee Chair following each Committee meeting as part of inclusion of that report in an Ordinary Meeting Agenda.

Teleconferencing

In accordance with section 276 of the *Local Government Regulation 2012*, the use of teleconferencing (including videoconferencing) for participation by external parties (non-Committee members) including e.g. representatives from the Queensland Audit Office, external audit and relevant consultants, at meetings of the Committee, is approved.

All meetings of the Committee are held in closed session. It is the responsibility of any person taking part in a meeting of the Committee via teleconferencing (including via videoconferencing) to ensure the security of the environment in which the person is participating is appropriate to preserve the confidentiality of discussions, and any information disclosed throughout the meeting.

Where a Committee member is unable to attend a meeting of the Committee in person due to exceptional circumstances, approval for the Committee member to participate in the meeting via teleconferencing (including via videoconferencing) may be granted at the discretion of the Chair and the Chief Executive Officer.

Code of Conduct

Committee members are to undertake their duties within the spirit and intent of the ethics principles outlined in the Public Sector Ethics Act 1994 and the local government principles contained within the Local Government Act 2009. Committee members shall interact with each other, Councillors, Council staff and invited meeting guests with courtesy and respect. All relevant legislation, policies and procedures, including the full requirements of this Charter, are to be complied with. Failure to do so may result in the termination of a member's appointment to the Committee.

Conflicts of interest

Committee members will be required to disclose conflicts of interest, including material personal interests, at the commencement of each meeting. Ongoing conflicts of interest need not be declared at each meeting once acknowledged.

Where members or invitees at Committee meetings are deemed to have a material personal interest, or a real or perceived conflict of interest in a matter before the Committee, they must deal with the conflict in an appropriate manner. Members or

invitees will be excused from Committee discussions and deliberations on any issue where a conflict of interest exists.

Confidentiality

All information acquired during a Committee member's term of appointment is to be regarded as confidential to Council and is not be disclosed to third parties (by whatever means), either during the member's term of appointment or after termination, unless the person is required to do so by law.

Privacy

All Committee members are bound to comply with the requirements of relevant privacy legislation, including the Information Privacy Act 2009, and Council's Information Privacy Policy.

Remuneration

Remuneration for meeting attendance by external members will be as set by the Local Government from time to time and reimbursement of expenditure for the external members will be at the discretion of the Chief Executive Officer.

Induction

New Committee members will receive information and briefings on the work of the Committee to assist them meet their responsibilities. Inductions for new Committee members will be arranged by the secretariat.

Assessment arrangements

The Committee will review its performance on an annual basis. This review may be conducted as a self-assessment, and will be coordinated by the Chair. The assessment may seek input from the Council, Chief Executive Officer, Internal and External Audit or other Council staff.

Any identified improvement opportunities or training needs will be monitored by the Chair.

Review of charter

The Committee will review their charter annually to provide assurance that it remains consistent with legislation and the Council's objectives and responsibilities.

The Council will adopt by resolution any changes it believes are necessary to make to the charter stemming from the committee's recommendations and/or its own periodic review of the charter.

Supporting documents

Internal Audit Plan

12 Month Forward Rolling Work Plan

Self-Assessment Questionnaire for Performance Review of Committee

Register of Interests for Committee members

Information Privacy Policy

Risk and Integrity Management Framework

Risk Management Policy

Business Improvements Recommendations Register (Monthly and Six Monthly)

Strategic and Operational Risk Register

Outstanding Action Items Report