

5.10. AUDIT COMMITTEE POLICY

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DEPARTMENT Governance

RECOMMENDATION

That Council adopt the Audit Committee Policy.

EXECUTIVE SUMMARY

That Council endorse the proposed amendments to the Audit Committee Policy.

BACKGROUND

The Audit Committee Policy is due for review.

This Policy applies to all Councillors, external representatives and employees appointed to, and participate in, the Douglas Shire Audit Committee.

An Audit Committee acts as an advisory body to senior management and the Council on issues relating to internal and external audits, and financial and other accountability responsibilities. An Audit Committee complements the relationship between internal audit and the wider organisation, safeguarding internal audit's independence and further increasing the internal audit function's effectiveness and value to the Council.

The Audit Committee will receive the full support of the Council and the full cooperation, involvement and support of senior management. It will also have ready access to staff, information, expertise and other resources necessary to carry out its responsibilities.

COMMENTS

The original Policy was adopted by Council in June 2019 and has not been reviewed since.

This Policy has been presented to the Audit Committee for endorsement.

PROPOSAL

That Council endorse the proposed amendments to the Audit Committee Policy.

FINANCIAL/RESOURCE IMPLICATIONS

N/A

RISK MANAGEMENT IMPLICATIONS

N/A

SUSTAINABILITY IMPLICATIONS

Economic: Nil

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Information Provider Council provides the community with important information on services, events, policies, rules, strategies, and any other relevant data that helps the community to stay informed. In performing this role, Council seeks to be open and transparent.

CONSULTATION

Internal: Proposed amendments were presented to the Councillor briefing on 12 April 2022.

External: Proposed amendments were presented to the Audit Committee on 4 April 2022

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

1. Audit Committee Policy (2) [5.10.1 - 3 pages]

40. AUDIT COMMITTEE POLICY (Statutory)

Objective

To provide a framework in which Council's Audit Committee operates within all the functional areas of Council and meet all legislative requirements under the *Local Government Act 2009* and *Local Government Regulations 2012*.

Under Section 105(4) of the *Local Government Act 2009*, a large local government is required to establish an Audit Committee and in accordance with Sections 210 and 211 of the *Local Government Regulation 2012*, Council has resolved to establish an Audit Committee.

Scope

This Policy and the Audit Committee Charter applied to all Councillors, external representatives and employees appointed to, and participate in, the Douglas Shire Audit Committee.

An Audit Committee acts as an advisory body to senior management and the Council on issues relating to internal and external audits, and financial and other accountability responsibilities. An Audit Committee complements the relationship between internal audit and the wider organisation, safeguarding internal audit's independence and further increasing the internal audit function's effectiveness and value to the Council.

The Audit Committee will receive the full support of the Council and the full cooperation, involvement, and support of senior management. It will also have ready access to staff, information, expertise, and other resources necessary to carry out its responsibilities.

Policy Statement

The Audit Committee must meet at least twice each financial year and its responsibilities include, but are not limited to, the following aspects of the council's activities:

- a) Review each of the following matters:
 1. The internal audit plan for the internal audit for the current financial year
 2. The internal audit progress report for the internal audit for the preceding financial year including the recommendations in the report and the actions to which the recommendations relate;
 3. A draft of the local governments General Purpose Financial Statements for the preceding financial year before the statements are certified and given to the Auditor-General under Section 212 of the LGR; and
 4. The Auditor-General's audit report and the Auditor-Generals observation report about the local government's financial statements for the preceding financial year.

- b) Monitor the effectiveness of:
 - 1. The Risk Management and Internal Control Framework
 - 2. The Corporate Risk Management System/risks
 - 3. Key Governance Processes; and
 - 4. Asset Management
- c) Review Reports on the activities and investigations of any significant fraud prevention and security matters;
- d) Review and monitor whether the audit process is effective;
- e) Ensure the objectivity and independence of all the audit functions;
- f) Critically review the timely and responsible implementation of management's agreed-upon responses to audit's recommendations, findings and advice;
- g) The Audit Committee will self-assess annually
- h) Review any other matters referred to it by Council or the Chief Executive Officer;
- i) Maintain an Annual Work Plan to facilitate (a)-(h) above and other responsibilities as per legislation; and
- j) As soon as practicable after a meeting of the committee, give the local government a written report about the matters reviewed at the meeting and the committee's recommendations about the matters.

The Audit Committee will operate in accordance with the Audit Committee Charter and the relevant legislation.

Membership of the Audit Committee

The Audit Committee will comprise:

- a) Four Members – two Councillor representatives and two suitably qualified external representatives (independent members);
- b) A representative from both the internal and external auditors shall attend a meeting of the Audit Committee by invitation, but shall not be members of the Audit Committee;
- c) The Chief Executive Officer shall attend the meetings of the Audit Committee by invitation, but shall not be a member of the Audit Committee.

Administration of Audit Committee Charter

The Chief Executive Officer has the delegated authority to make minor administrative changes to the Audit Committee Charter, such as formatting, position title references and members of the Committee as resolved by Council.

Legislation

- Local Government Act 2009
- Local Government Regulation 2012

Related Documents

- Audit Committee Charter
- Internal Audit Policy

Policy Details

Policy Name	Audit Committee Policy
Policy Number	40
Policy Version	2
Document Number	906816
Endorsed by	Chief Executive Officer & Audit Committee
Policy Type	Statutory
Approval Authority	Council
Date Adopted	26/04/2022
Time Period	3 years
Review Date	03/03/2022
Policy Department	Governance
Link to Corporate Plan	Robust Governance and Efficient Service Delivery
Revoked/Superseded	Nil

This policy is to remain in force until otherwise determined by Council.