

5.7. APPOINTMENT OF AUDIT COMMITTEE

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DEPARTMENT Governance

RECOMMENDATION

That Council:

1. **Appoint Dr Martin Fahy as the Independent Chair of the Douglas Shire Audit Committee for a term of 4 years;**
2. **Appoint Drong Vue as an Independent External Member of the Douglas Shire Council Audit Committee for a term of 4 years;**
3. **Appoint Mayor Kerr as a member of the Douglas Shire Council Audit Committee for a term of 4 years; and**
4. **Appoint Deputy Mayor Lisa Scomazzon as a member of the Douglas Shire Council Audit Committee for a term of 4 years.**

EXECUTIVE SUMMARY

Audit Committees are an essential component in the corporate governance structure of an organisation. As identified in the 2019 Interim QAO Audit Report, Council does not have an Audit Committee and therefore it was recommended that Council establish an audit committee, preferably with an independent chair.

The Audit Committee will meet four times a year and the Committee will provide prompt and constructive recommendations on its findings directly to the Council, particularly when issues are identified that could present a material risk or threat to Council.

The Committee does not replace or replicate established management responsibilities and delegations or the reporting lines and responsibilities of either internal audit or external audit functions.

BACKGROUND

An Audit Committee acts an advisory body independent of management and internal and external audit and should report direct to the Council. The purpose of the Audit Committee is to provide assistance to the Mayor and the Council.

Council adopted the Terms of Reference and composition of the Audit Committee in September 2019. It was resolved that the committee would consist of four members – two appropriately qualified external members of which the Chairperson is one and two Councillors.

COMMENT

Expression of Interest for Independent Chair and member of the Audit Committee was sought from interested persons. Ten applications were received. In careful consideration, four candidates were further interviewed by the panel. The panel consisted of the Chief Executive Officer, Mayor and Deputy Mayor.

PROPOSAL

That Dr Martin Fahy is appointed as Independent Chair, Drong Vue is appointed as an external member, Mayor Kerr is appointment as a member and Deputy Mayor Lisa Scomazzon is appointed as a member to the Douglas Shire Council Audit Committee.

FINANCIAL/RESOURCE IMPLICATIONS

A budget has been allocated for the external chairperson of the committee. There will also be additional resources required by some management and staff to prepare reports for and attend the committee meetings.

RISK MANAGEMENT IMPLICATIONS

Not establishing this committee will result in a deficiency in a future QAO External Audit report.

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.*

Goal 3 - *We will make sound financial decisions by ensuring robust strategic planning, financial management and 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:

Facilitator Council often brings stakeholders together on important issues, projects or for service delivery. In this role, Council can act as a mediator, connector, collaborator or initiator.

CONSULTATION

Internal: Councillors and Executive Management

External: QAO & Pacifica Pty Ltd

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil