



AUDIT & RISK COMMITTEE CHARTER

1. Objective

The objective of the Audit & Risk Committee (the Committee) is to provide independent assurance and assistance to Tenterfield Shire Council on areas including risk management, audit, governance, and external accountability responsibilities.

2. Authority

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

- a) Obtain the information that it needs (subject to any legal obligations to protect information);
- b) Discuss matters with the external auditor or other external parties (subject to confidentiality considerations);
- c) Request the attendance of a senior staff member or Councillor at committee meetings, and
- d) Obtain external legal or other professional advice considered necessary to meet its responsibilities.

3. Composition and Tenure

The Committee will consist of the following:

3.1 Members (voting)

- The Council Mayor; plus
- One (1) other Elected Member of Council; plus
- Three (3) Independent external members (not members of the Council), with one to be the Chairperson.

3.2 Attendees (non-voting)

- Chief Executive (General Manager)
- Chief Corporate Officer
- Manager Customer Service, Governance & Records
- Manager Finance & Technology
- Executive Assistant & Media

3.3 Invitees (non-voting) for specific Agenda items

- Representatives of Council's external auditor;
- Representatives of Council's internal auditor/s;
- Representatives of the Audit Office of NSW, and
- Other Council officers may attend to provide information or by invitation of the Committee.

The independent external members will be appointed for the term of Council, after which they will be eligible for extension or re-appointment following a formal review of their performance.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Tenterfield Shire Council. At least one member of the Committee shall have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector environment.

4. Role and Responsibilities

The Committee has no executive powers, except those expressly provided by the Council.

In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and the Chief Executive as defined by the Local Government Act.

The responsibilities of the Committee may be revised or expanded by the Council from time to time. The Committee's responsibilities are:

4.1 Risk Management

- a) Review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
- b) Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- c) Review the impact of the risk management framework on its control environment and insurance arrangements, and
- d) Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

4.2 Control Framework

- a) Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- b) Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
- c) Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- d) Review whether appropriate policies and procedures are in place for the management and exercise of delegations, and
- e) Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

4.3 External Accountability

- a) Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and supported by appropriate management sign-off on the statements and the adequacy of internal controls.
- b) Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.

- c) To consider contentious financial reporting matters in conjunction with council's management and external auditors.
- d) Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements.
- e) Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.
- f) Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

4.4 Legislative Compliance

- a) Determine whether management has appropriately considered compliance risks as part of risk assessment and management arrangements.
- b) Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

4.5 Internal Audit

- a) Act as a forum for communication between the Council, Chief Executive, Executive Management Team, internal audit and external audit.
- b) Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan, and approve the plan.
- c) Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan.
- d) Review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices.
- e) Monitor the implementation of internal audit recommendations by management.
- f) Periodically review the Internal Audit Charter to ensure appropriate structures, authority, access and reporting arrangements are in place.
- g) Periodically review the performance of Internal Audit.

4.6 External Audit

- a) Act as a forum for communication between the Council, Chief Executive, Executive Management Team, internal audit and external audit.
- b) Provide input and feedback on the financial statements and performance audit coverage proposed by external audit, and provide feedback on the external audit services provided.
- c) Review all external plans and reports in respect of planned or completed external audits, and monitor the implementation of audit recommendations by management.
- d) Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.

4.7 Responsibilities of Members

Members of the Committee are expected to:

- a) Understand the relevant legislative and regulatory requirements appropriate to Tenterfield Shire Council.
- b) Contribute the time needed to read and understand the papers provided.
- c) Apply good analytical skills, objectivity and good judgment.
- d) Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.
- e) Comply with Council's Code of Conduct.

5. Reporting

At the first Committee meeting after 30 June each year, Internal Audit will provide a performance report of:

- a) The performance of Internal Audit for the financial year as measured against agreed performance indicators.
- b) The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.

The Committee will report annually, to the governing body of council on the management of risk and internal controls.

6. Administrative arrangements

6.1 Meetings

The Committee will meet four times per year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion.

The need for any additional meetings will be decided by the Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Audit Committee Charter.

6.2 Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members, including at least one independent member. Meetings can be held in person, by email, by telephone or by video conference.

The Chief Executive, the Chief Corporate Officer, the Manager Customer Service, Governance & Records and the Manager Finance & Technology are required to attend each meeting. The Committee may also request other senior staff to present or participate for certain agenda items, as well as the internal and external auditors.

6.3 Secretariat

The Chief Corporate Officer is to be responsible for ensuring that the Committee has adequate secretariat support and to oversee the compilation of the Agenda and Business Papers for meetings.

The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within two weeks of the meeting being held.

6.4 Conflict of Interests

Councillors, Council staff and members of Council Committees must comply with the applicable provisions of Council's Code of Conduct in carrying out the functions as Council officials. It is the personal responsibility of Council officials to comply with the standards in the Code of Conduct and regularly review their personal circumstances with this in mind.

Committee members must declare any conflict of interests at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision is the Chair of the Committee.

6.5 Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

6.6 Assessment Arrangements

The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The review will be conducted with appropriate input from management and any other relevant stakeholders.

6.7 Review of Audit & Risk Committee Charter

At least once every two years, and within 12 months of a quadrennial election of Council, the Audit Committee will review this Audit & Risk Committee Charter.

7. Version Control and Change History

Version	Date	Modified by	Details
V1.1		Council	Adoption of original Charter
V2.0	11/08/2016	GM	Reconstruction of Charter – (Draft)

V2.0	14/9/16	Council	Adoption of Charter (Res No. 214/16)
V3.0	27/02/19	Council	Adoption of Updated Charter (Res No. 16/19)