



**WEST
WIMMERA
SHIRE COUNCIL**



AUDIT AND RISK COMMITTEE CHARTER 2020

Adopted by Council: 18 June 2020

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AUDIT AND RISK COMMITTEE CHARTER

1. Purpose

Section 53 of the *Local Government Act (2020)* (The Act) requires that each Council establish an Audit Committee. The Audit and Risk Committee is a formally appointed Advisory Committee of Council.

The Audit and Risk Committee's role is to report to Council and provide appropriate advice and recommendations relevant to its charter in order to facilitate decision-making by Council in relation to the discharge of its responsibilities. The Audit and Risk Committee plays a key role in assisting Council to fulfil its governance and overseeing responsibilities in relation to financial reporting, internal control, risk management systems, ethical accountability and the internal audit function.

The Audit and Risk Committee (The Committee) does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent of management. The Committee does not have any role in relation to issues normally addressed by Council or a sub-committee of Council, which may have delegated powers and financial management responsibilities in relation to budgets, financing decisions and expenditure priorities. The Committee is a separate activity and acts independently of Council and does not have any role in relation to financial management issues or have any executory role or powers.

The Committee is not a delegated committee under section 63 of The Act. It is established according to section 53 (1) of The Act.

2. Authority

The Committee is an advisory committee and has the responsibility for advising Council on:

- Providing appropriate advice to Council in relation to:
 - Governance and internal controls
 - Financial Reporting and compliance
 - Risk Management
 - Internal Audit
 - Ethics
 - Legislative compliance
- Review the investigation of and recommend internal control responses to any incidents of fraud detected within Council's operations
- Providing oversight and guidance to Council on Conflicts of Interest and Related Party transactions
- Seeking resolution on any disagreements between management and the external auditors on financial reporting, seeking information it requires from Council members, and Council staff via the Chief Executive officer and external parties; and
- Formally meeting with Council staff, internal and external auditors as necessary.

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3. Composition

The Audit and Risk Committee will consist of five members, comprised as follows:

- Two Councillors; and
- Three suitably qualified independent representatives, one of whom will be appointed annually as Chair of the Committee.
 - One of the independent members should be financially literate with relevant experience and/or qualifications.

Council shall seek applications from suitably qualified and/or experienced candidates at the end of each term and as a casual vacancy arises. The Audit and Risk Committee members shall be appointed through a resolution by Council.

Independent members will be appointed for an initial term of three years, after which time they may be eligible for re-appointment following a formal review of their performance.

The Chief Executive Officer, Director Corporate and Community Services, and Finance Coordinator are not members, but should attend meetings in an advisory capacity. Council's Internal and External Auditors are to attend meetings as required to present their reports and findings in an advisory capacity. Other Senior Officers of Council may attend Audit Committee meetings on invitation by the Chair if the need arises.

4. Meetings

- The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require;
- All Committee members are expected to attend each meeting in person, or via teleconference or video conference;
- The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, auditors or others to attend meetings to provide information as necessary;
- Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials;
- Management, including the Chief Executive Officer, may be asked to leave a meeting at any time should the Chairperson consider it appropriate;
- Minutes will be prepared and reported to Council at the next Forum and/or Council Meeting after the Audit and Risk Committee meeting; and to the Audit Committee in a timely manner; and
- Each meeting will require a quorum of three members of the Committee, two of whom should be independent members.

5. Responsibilities

The Audit and Risk Committee will carry out the following responsibilities:

5.1 Monitoring financial and regulatory reporting, including:

- Scrutinising financial statements and providing advice to the Council.
- Monitoring compliance with Council policies, accounting policies and financial management compliance framework.
- Monitoring the adequacy of, and compliance with internal control systems.

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- Reviewing the acceptability, disclosure and correct accounting treatment of significant and non-routine transactions.
 - Reviewing related-party transactions.
 - Meeting with the external auditors:
 - Prior to the annual audit to discuss the audit plan; and
 - Following the annual audit.
 - To be informed and abreast of evolving compliance requirements.
 - Sign-off on accounting policies.
 - Financial reports provided to the Council will also be included with agenda papers for Committee meetings.
 - To exercise Risk Management Principles in providing advice / recommendations regarding financial management.
- 5.2 Perform independent review and assessment of key risks by independent audit including:
- Develop, review, and recommend to Council a risk based internal audit program.
 - Regularly review and approve the Internal Audit Charter.
 - Managing the procurement, scope of works, performance and quality of internal audit service provision.
 - Considering the scope, quality and findings of the external audit.
 - Review relationships that may impact the internal and external auditor's independence.
- 5.3 Regular review of Council's Risk Management Policy and Risk Management Framework.
- 5.4 Review the adequacy of Council's Risk Register, associated internal controls and strategies to mitigate the risks, including:
- Monitoring the presence and effectiveness of internal controls.
 - Monitoring the implementation of internal audit and external audit findings and associated management actions.
 - Monitoring key risks and trigger events, including; prevention and investigation of fraud, ethical culture, protection of assets and insurance.
- 5.5 Ensuring that there is a suitable framework and process for compliance with legislation, regulations, standards, and best practice guidelines.
- 5.6 Monitor processes and practices of Council to ensure for effective business continuity.
- 5.7 In accordance with section 54(5) of The Act, the Audit and Risk Committee shall prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations. This report must be provided to the Chief Executive Officer for tabling at the next Council meeting.
- 5.8 Other responsibilities:
- Deal with matters delegated by Council;
 - Annually review the Audit Committee Charter and request Council approval for any proposed changes.
 - Undertake an annual assessment of the Audit and Risk Committee's performance against the Audit and Risk Committee Charter. The assessment is to be tabled at the next Council meeting.
 - In accordance with the Act, Committee members must declare any conflicts of interest at the start of each meeting and such details shall be appropriately minuted.

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- In accordance with the Act, Committee members are to submit a primary and ordinary return in the prescribed form to the Chief Executive Officer within 30 days of becoming a member of The Committee; 30 June or within 40 days after 30 June; and 31 December or within 40 days after 31 December.
- In accordance with section 54(3) of the Act, the Audit and Risk Committee must adopt an annual work plan

6. Payment of members

- 6.1 Independent members shall be remunerated for attendance at all meetings. An exception to this shall be applied where an independent member is part of a reciprocal arrangement with another municipality. In this instance no payment shall be made.
- 6.2 The chair shall receive an additional 10% allowance over the allowance paid to other members.
- 6.3 The payment amount shall be indexed annually on 1 January by the immediately preceding December quarter Melbourne all groups CPI.
- 6.4 Payment shall be made via Council's Accounts Payable process upon receipt of an appropriate invoice from the member.

Document control

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Andrea Gash	Council	19 December 2018	1	May 2019
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