



Kingborough

Kingborough Council Audit Panel

Charter

(Approved by Council – 23/09/2013)

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Table of Contents

| | | |
|----|---|---|
| 1 | Definitions | 1 |
| 2 | Objectives of the Panel | 1 |
| 3 | Authority | 1 |
| 4 | The Panel Structure | 1 |
| 5 | Terms of the Panel Appointments | 2 |
| 6 | Qualifications and Selection of Independent Members | 2 |
| 7 | Remuneration | 2 |
| 8 | Functions of the Panel | 2 |
| 9 | Responsibility of panel members | 4 |
| 10 | Interests | 5 |
| 11 | Reporting Requirements | 6 |
| 12 | Meetings and Proceedings of the Panel | 6 |
| 13 | Induction | 6 |
| 14 | Secretariat and Technical Support | 7 |
| 15 | Panel Performance Evaluation | 7 |
| 16 | Review of Charter | 7 |

Pursuant to Section 24 of the Local Government Act 1993 (as amended) the Kingborough Council hereby establishes a Special Committee. The name of the Special Committee shall be:

Kingborough Council Audit Panel

1 Definitions

- 1.1 'Panel' means the Kingborough Council Audit Panel.
- 1.2 'Council' means the Kingborough Council.
- 1.3 'Controlled Entities' means an entity in accordance with section 21 of the Local Government Act 1993.
- 1.4 'General Manager' means the General Manager of the Kingborough Council as appointed from time to time.

2 Objectives of the Panel

- 2.1 The primary objective of the Panel is to support and assist Council and Management in providing a transparent and independent process underpinning its financial and risk management practices and to ensure accountability to the community in the governance, management and allocation of resources.
- 2.2 Underpinning the above, the Panel ensures that there is an adequate and effective system of internal controls throughout Council.
- 2.3 In executing its responsibilities under this Charter, the Panel, with its independent members, Councillor Representatives and with support from Management will work together in a cooperative manner for the benefit of the Council and the Community and seek to adhere to best practice governance.

3 Authority

The Audit Panel, within its responsibilities, is authorized to:

- 3.1 Obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- 3.2 Discuss any matters with the Tasmanian Audit Office (TAO), or other external parties (subject to confidentiality considerations);
- 3.3 Request the attendance of any employee, including members of the Council, at audit panel meetings; and
- 3.4 Subject to the availability of funding, obtain legal or other professional advice, as considered necessary to meet its responsibilities.

4 The Panel Structure

- 4.1 The Panel shall consist of five members, being two Councillors and three independent members.
- 4.2 An independent member of the Panel shall be appointed by Council as Chairperson of the Panel.

5 Terms of the Panel Appointments

- 5.1 The two Councillor positions on the Panel will become vacant directly following a normal Council election, and subsequent appointments shall be for a period up to the following normal election. If a Councillor of the Panel resigns prior to the next election the Council will appoint a replacement at the earliest convenient time.
- 5.2 The three independent positions on the Panel shall be appointed within twelve months of a council election for a maximum term of four years. If an independent member of the Panel resigns Council will appoint a replacement at the earliest convenient time.
- 5.3 The Council by resolution has the power to end the term of the Chairperson or Independent Member.

6 Qualifications and Selection of Independent Members

- 6.1 The independent members are expected to possess a mix of accounting, financial management, legal, risk management and compliance experience and each member will preferably have strong business acumen, management and communication skills.
- 6.2 At least one independent member must have recognised qualifications and experience in economics, accounting or auditing and have a detailed understanding of financial statements, Australian Accounting Standards and risk management preferably in a public sector environment.
- 6.3 Calls for independent members to apply for a position on the Panel shall be publicly advertised.
- 6.4 The selection process for independent members will be determined and undertaken by resolution of Council.

7 Remuneration

- 7.1 Each independent member of the Panel is to be paid a sitting fee of \$547 per sitting.
- 7.2 The Chairperson will be paid an additional fee of \$2,186 per annum.
- 7.3 Fees will increase in line with CPI (Hobart March Quarter Annual Figure) on 1 July each year.
- 7.4 The Council will include independent members of the Audit Panel in its professional indemnity insurance coverage for the services they provide to the Council.
- 7.5 The Council will include an allocation in its Annual Plan and Budget Estimate to allow the Panel to conduct investigations as deemed necessary and important but subject to approval by Council.

8 Functions of the Panel

8.1. Risk Management

- 8.1.1 Review the risk management framework and risk matrix to ensure that it is current, comprehensive and meets relevant standards;
- 8.1.2 Review whether the risk management framework is being adhered to, and that associated procedures exist for the effective identification, assessment, management

and reporting of Council's significant risk areas including, but not limited to, financial, legislative compliance, fraud, business and environmental risks;

- 8.1.3 Monitor the organisational performance in managing the risks identified in the strategic and operational risk register;
- 8.1.4 Review the impact of the Council's risk management framework on its control environment and insurance arrangements, including workers compensation;
- 8.1.5 Review whether a sound and effective approach has been followed in establishing the Council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically;
- 8.1.6 Review the Council's fraud control plan and satisfy itself that the Council has appropriate policies, processes and systems in place to deter, capture and effectively investigate fraud related information;
- 8.1.7 Determine if Council has appropriately considered legal and compliance risks as part of its risk assessment and management arrangements; and
- 8.1.8 Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated Government policy.
- 8.1.9 Pursuant to the Panel's Obligations to review the Council's performance pursuant to Section 4(2)(b) of the Local Government (Audit Panels) Order 2014, the Panel is to review and consider the appropriateness of:
 - 8.1.9.1 the level of integration and interlinkages of the respective long term planning strategy hierarchy; and
 - 8.1.9.2 the robustness of the processes by which and assumptions under which, the Long term Plans have been prepared.

8.2 Internal Controls

- 8.2.1 Act as a forum for communication between Council and senior management;
- 8.2.2 Evaluate the appropriateness of Council's internal controls through monitoring internal and external audit reports and management responses;
- 8.2.3 Advise Council on the adequacy of finance systems and processes used by Council;
- 8.2.4 Oversee the coordination of audit programs conducted by the finance department and external audit functions; and
- 8.2.5 Provide advice to Council on the appropriateness and timeliness of actions taken on significant issues identified in audit reports and better practice guidelines.

8.3 Internal Audit

- 8.3.1 In the event that an internal auditor is appointed following a recommendation from the Committee to Council, the function will be performed by a firm other than the external auditor.
- 8.3.2. The Committee's duties with respect to internal audit (and without limiting its scope) will encompass selection, remuneration, contract review, internal audit plan scope

determination and assessment, report review, performance evaluation and (on recommendation to Council) replacement.

8.4 External Audit

- 8.4.1 Act as a forum for communication between the Council, senior management and external auditor;
- 8.4.2 Review and evaluate the external auditor's performance and the extent of compliance with the agreed annual audit plan;
- 8.4.3 Provide input and feedback on the financial statements and performance audit scope and approach proposed by external audit and provide feedback on the audit services provided;
- 8.4.4 Review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations; and
- 8.4.5 Provide advice to Council on action taken on significant issues raised in relevant external audit reports and better practice guides.

8.5 Annual Audited Financial Statements

- 8.5.1 Satisfy itself that the financial statements (including those of any controlled entities) are supported by appropriate management and audit sign-off and comply with relevant standards, acknowledging that under the Act the General Manager is the responsible person and signing officer for the Financial Statements;
- 8.5.2 Review with auditors and management significant accounting and reporting issues including management judgments and accounting estimates, significant changes to Council's auditing and accounting principles, controls, procedures and practices, paying particular attention to complex and / or unusual transactions;
- 8.5.3 Review the financial statements, recommend and provide advice to the Council on the audit of the financial statements taking into account audit recommendations and adjustments; and
- 8.5.4 Review the processes in place designed to ensure that the financial information included in the Council's annual report is consistent with the signed financial statements.

9 Responsibility of panel members

- 9.1 Members of the audit panel are expected to understand and observe the legal requirements of the Act and the Audit panels Order. Members are also expected to:
 - 9.1.1 act in the best interests of the council;
 - 9.1.2 apply sound analytical skills, objectivity and judgment;
 - 9.1.3 express opinions constructively and openly, raise issues that relate to the audit panel's functions and pursue independent lines of enquiry; and
 - 9.1.4 contribute the time required to review the papers provided.
- 9.2 Disclosure of Information

9.2.1 Except as required, or allowed, under the Act, another Act or any other law, an audit panel member must not disclose information that is:

- (a) Seen or heard by the member at a meeting or part of a meeting of the Audit Panel that is closed to the public that is not authorised by the Audit Panel to be disclosed; or
- (b) A member of an audit panel must not disclose information acquired on the condition that it be kept confidential.

9.3 Improper use of information

9.3.1 A member of an audit panel must not make improper use of any information acquired as a member of an audit panel.

9.3.2 Improper use of information includes using the information –

- (a) to gain, directly or indirectly, an advantage or to avoid, directly or indirectly, a disadvantage for oneself, a member of one's family or a close associate; or
- (b) to cause any loss or damage to any council, controlling authority, single authority, joint authority or person.

10 Interests

10.1 A member of an audit panel has an interest in the making of a recommendation or in a review by the audit panel if –

- (a) were the audit panel to make a particular possible recommendation and that recommendation were to be adopted by the council, the member or a close associate of the member would receive, have an expectation of receiving or be likely to receive or have an expectation of receiving a pecuniary benefit or pecuniary detriment; or
- (b) were the audit panel to conclude the review in a particular possible manner, the member or a close associate of the member would receive, have an expectation of receiving or be likely to receive or have an expectation of receiving a pecuniary benefit or pecuniary detriment.

10.2 At any meeting of an audit panel, a member who has an interest in the making of a recommendation or a review must not, once he or she becomes aware of that interest - participate in any discussion, or vote, in relation to the recommendation or review; or be present during any such discussion or vote.

10.3 A member of an audit panel must declare any interest that he or she has in the making of a recommendation or a review before any discussion, or further discussion, relating to the recommendation or review takes place.

10.4 The chairperson of the audit panel is to ensure that a declaration of an interest in the making of a recommendation or a review is recorded in –

- (a) the minutes of the meeting of the audit panel; and
- (b) any relevant written report that the audit panel provides to the relevant council.

- 10.5 A member of an audit panel is to notify the general manager, in writing, of the details of any interest that he or she has declared under this section within 7 days of that declaration.
- 10.6 The general manager is to keep a register of the interests of members of audit panels.

The general manager is to enter into the register the details of an interest of a member of audit panel when notified.

11 Reporting Requirements

- 11.1 The Panel shall, following preliminary approval given by the Panel Chairperson, provide a copy of meeting minutes to the Secretariat to include in the next Council Agenda.
- 11.2 The Panel may, at any time, report to Council any other matter it deems of sufficient importance to do so.
- 11.3 The Panel, through the Chairperson will at least once a year report to the Council on its operation and activities during the year.

12 Meetings and Proceedings of the Panel

- 12.1 The Panel will meet on sufficient occasions to discharge its role effectively, but not less than four times per year.
- 12.2 The Panel is to develop and agree an annual program of meetings and provide this to Council before 1 July each year.
- 12.3 A special meeting may be required to review Kingborough Council's annual financial statements and to recommend these for adoption by the General Manager.
- 12.4 The Chairperson is able to call additional meetings and is required to, if asked to do so by Council or at least two other members of the Audit Panel.
- 12.5 A quorum will consist of a majority of members, including at least one of the councillor member representatives.
- 12.6 A notice of each Meeting confirming the date, time, venue and agenda shall be distributed to each member of the Panel, within 4 days advance of each Ordinary Meeting and within 2 days advance of each Special Meeting.
- 12.7 The notice of Meeting distributed to each member of the Panel will include the relevant supporting papers for the agenda items to be discussed.
- 12.8 Elected members of Kingborough Council and the external Auditor are to be invited to each meeting of the Audit Panel.
- 12.9 The General Manager and Chief Financial Officer, or their delegates, are to attend audit panel meetings unless the chairperson determines a meeting is to be held in private.
- 12.10 Meetings can only be held in person.

13 Induction

The Council will provide new Panel members with information and briefings to assist them to meet their Audit Panel responsibilities.

14 Secretariat and Technical Support

14.1 The Council will provide the Panel with the necessary secretariat support to allow the Panel to function effectively.

15 Panel Performance Evaluation

15.1 The Panel will review its performance annually to determine whether it is functioning effectively by reference to current best practice.

15.2 The performance evaluation will have regard to the extent to which the Panel has met its responsibilities under this Charter.

15.3 The Panel performance evaluation will be presented to Council.

16 Review of Charter

16.1 The Panel is to conduct a review of the content and continuing adequacy of this Charter and provide Council with a recommendation for any proposed changes

16.2 The review of the Charter will be undertaken every year, or such other times as determined by the Panel or Council (for example, in response to a significant change in operations)

16.3 This Charter may also be amended at any time by resolution of the Council.