

Audit and Risk Management Committee Charter

1 THE CHARTER

1.1 The Charter of the Lockyer Valley Regional Council Audit and Risk Management Committee outlines the role, responsibilities, composition and operating guidelines of the Audit and Risk Management Committee (Committee) in accordance with the *Local Government Act 2009* and *Local Government Regulation 2012*.

2 AUTHORITY AND INDEPENDENCE

2.1 The Committee has no executive powers, unless delegated to it by the Council.

2.2 The Committee is an advisory committee of Council and is directly responsible to the Council. In discharging its responsibilities, the Committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility.
- Access information, records and personnel of the Council for such purpose.
- Request the attendance of any employee of the Council at Committee meetings.
- Conduct meetings with the Council's internal and external auditors, as necessary.
- Seek advice from external parties, as necessary.

3 ROLE

3.1 The role of the Committee is to provide independent assurance and assistance to the Council on:

- Council's risk, control and compliance frameworks.
- Council's external accountability responsibilities as prescribed in the *Local Government Act 2009* and *Local Government Regulation 2012*.

3.2 The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other advisory committees within Council, or the reporting lines and responsibilities of either internal audit or external audit functions.

4 DUTIES AND RESPONSIBILITIES

4.1 The Committee's duties and responsibilities, in accordance with the *Local Government Act 2009* is to monitor and review:

4.1.1 Financial Statements. This includes monitoring and reviewing:

- Significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas (i.e. asset revaluations), and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial statements.
 - Results of the external audit, including any significant issues arising.
 - Whether the financial statements are complete, consistent with information known to the Committee members and reflect appropriate accounting policies and principles.
 - Accuracy and completeness of the financial statements and assurance given by management.
 - Preparation timeliness against agreed milestones.
- 4.1.2 Risk Management. This includes monitoring and reviewing:
- Systems and processes to ensure that material risks to Council are appropriately identified, assessed and managed.
 - The process for the development and review of Council’s risk profile, risk framework and risk appetite statement.
 - Processes and practices of the Council that support effective business continuity.
- 4.1.3 Internal Control. This includes monitoring and reviewing:
- Management’s approach to maintaining an effective and sound internal control framework (including policies, procedures and delegations).
 - How management identifies any required changes to the design or implementation of internal controls.
 - Steps taken by management to embed a culture which is committed to ethical and lawful behaviour.
- 4.1.4 Internal Audit. This includes monitoring and reviewing:
- The appointment or replacement of the Internal Auditor, and budget, staffing and skills of the internal audit function.
 - Internal audit plan, its coverage, scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management.
 - Findings and recommendations of internal audit and the response to them by management.
 - Implementation of internal audit recommendations accepted by management.
 - Internal and external audit functions to ensure no material overlap exists.
 - Internal Audit Charter and the performance of internal audit and provide advice to Council on an annual basis.
- 4.1.5 External Audit. This includes monitoring and reviewing:
- The proposed audit strategy, audit plan and audit fees for the year.
 - Findings and recommendations of external audit (including from performance audits) and the response to them by management.
 - Responses provided by management to ensure they are in line with the agency’s risk management framework.
 - Implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit’s findings.
 - The Chair and independent members will hold executive sessions with external audit at least twice per year, if required.

- 4.1.6 Compliance. This includes monitoring and reviewing:
 - Management consideration of legal and compliance risks as part of the Council’s risk assessment and management arrangements.
 - The effectiveness of the system for monitoring the agency’s compliance with relevant laws, regulations and government policies.
 - The findings of any examinations by regulatory agencies, and any auditor observations.
- 4.1.7 Fraud and Corruption Control. This includes monitoring and reviewing:
 - The process of developing and implementing Council’s fraud and corruption control arrangements and being satisfied Council has appropriate processes and systems in place to identify fraud and corruption risks as well as to detect, capture and effectively respond to fraud and corruption related information.
 - Reports on fraud and corruption which outline any identified allegations of fraud and corruption, the status of ongoing investigations and any changes to identified fraud or corruption risks for Council.

5 COMMITTEE MEMBERSHIP

5.1 Membership

- Membership of the Committee is by appointment; no delegates of the members are permitted.

5.2 The Committee shall consist of:

5.2.1 Councillor Members (voting)

- Two Councillors of the Lockyer Valley Regional Council appointed in accordance with practices and procedures of Council at the commencement of each term.
- Proxy – Councillor nominated by Council to attend in the absence of a Councillor member.

5.2.2 Independent External Members (voting)

- Three independent external members shall be appointed by the Council to serve on the Committee.
- The independent external members will be selected to provide a balance of professional skills, knowledge and technical experience appropriate to the responsibilities of the Committee.
- These appointments will be approved by Council following the conducting of an expression of interest process for Committee member vacancies.
- Council will appoint one of the independent external members as Chairperson.
- Where possible the appointment of external independent members to the Committee shall be staggered to ensure appropriate continuity and succession planning.

5.2.3 Attendees (non-voting)

- Chief Executive Officer.
- Group Managers.
- Council advisors from the relevant business areas of Council.
- Internal Auditor (who may be the representative of the contracted provider where the service is outsourced).
- Representative of the Queensland Audit Office and/or the contracted provider where the service is outsourced.

5.2.4 Invitees (non-voting) for specific Agenda Items

- Other officers may attend by invitation of the Committee.

5.3 Member skills, qualifications and attributes

- The members of the Committee, collectively, will have a broad range of skills and experience relevant to the operations of 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.
- Members should possess strong business acumen and management skills, a high level of understanding of best practice internal controls, risk management and corporate governance.
- It is desirable for members to possess a sound knowledge of information systems and emerging technology.
- An inquiring attitude, objectivity, sense of probity and ethical conduct are attributes sought in Committee members.

5.4 Selection of independent external members

The selection criteria and process for the appointment of the independent external members shall be as follows:

- The Council shall seek nominations via an expression of interest process from persons interested in being appointed to the available position. All nominees who satisfy the conditions of this Charter shall be eligible for appointment.
- The eligible persons will be interviewed by a Panel comprising the Mayor or delegate, the Independent Chair of the Committee (except where the candidate is seeking position of Chair of the Committee), a Councillor who is a member of the Committee and the Chief Executive Officer. The panel shall make recommendations to the Council.
- Following receipt of recommendations from the Panel, the Council may appoint the independent external member by resolution.
- If no nominations are received, the Committee will make a recommendation to Council regarding appropriate interim arrangements as circumstances prevail.

5.5 Term of membership

- Councillor appointments to the Audit and Risk Management Committee shall be determined by Council. Councillors will cease to hold office after each quadrennial election held.
- The independent external members will be appointed for the term of three years, after which they will be eligible for extension or re-appointment for a further three years at the Council's discretion, following a review of their performance.
- Where practicable, the appointment of external independent members to the committee will be staggered to ensure appropriate continuity and succession planning.
- The maximum number of terms an independent external member can be a member of the Committee is two terms.

5.6 Vacancy

- In the case of vacancy of an independent external member, the Council is to appoint another independent external member as soon as is practicably possible by expression of interest in accordance with 5.4 of this Charter.

5.7 Remuneration

- The independent Chair and independent members of the Committee will be entitled to fees of \$1,500 for the Chair and \$750 for the independent members for preparation and attendance at meetings with a review at least once during the term of each Council. This will cover all preparation time and meeting attendance as well as expenses for travel and reasonable out of pocket disbursements.

5.8 Chair

- In accordance with the *Local Government Regulation 2012* the Council will appoint an independent member of the Audit and Risk Management Committee to be Chair of the Committee.
- In the absence of the appointed Chair, the members of the Committee will appoint one of the members to be Acting Chair.
- The Chair will brief the Mayor on matters relevant to the Committee.

5.9 Code of Conduct

- The Employee Code of Conduct is to be taken to apply to the independent external members in the same way as the Councillor Code of Conduct applies to Councillors.

5.10 Induction and Training

- New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.
- An annual budget submission will be made to fund or partially fund one request from members to participate in training on committee related content outside of their technical skillset. All training related requests to be submitted to the Chief Executive Officer for approval.

6 MEETINGS, RECORDS AND REPORTING STRUCTURE

6.1 Quorum

- A quorum will consist of a majority of the Committee members, including the independent external members.

6.2 Proceedings

6.2.1 Meetings

- The Committee shall meet at least four times per year (or more often as decided by the Committee).
- 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 and Risk Management Committee Charter.
- Procedural directions governing the Committee shall be in accordance with Council's Code of Meeting practice unless otherwise stated in this Charter.
- Disclosures of interest shall be made in accordance with Council's Code of Meeting Practice.

6.2.2 Decision Making

- The Committee will endeavour to make decisions by consensus, but if voting becomes necessary then the details of the vote are to be recorded in the minutes.
- Each member of the Committee shall be entitled to one vote only. In the case of an equality of votes on any issue the Chair shall have the casting vote.
- Between meetings the Chair may circulate to members by email specific proposals for adoption by the Committee.
- Any decision taken by the Committee by email is to be noted and recorded in the minutes of the next meeting.

6.2.3 Business Papers and Minutes

- Secretariat support will be provided to the Committee by the Executive Office.
- The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, where practicable, five business days prior to the meeting and ensure minutes of the meetings are prepared and maintained.

- Minutes shall be approved by the Chair and circulated to members and advisors as soon as possible but no later than three weeks following the meeting being held.
- Where practicable minutes shall be presented to the next Ordinary Meeting of Council.

6.2.4 Reporting

- Reports will be presented to Council on individual matters endorsed by the Committee which should be considered by Council. These reports will clearly identify the Committee's opinions, decisions and recommendations on the subject matter.
- An annual report will be prepared by the Chair and presented to Council summarising the performance and achievements of the Committee for the previous year. An interim program of the planned activities for the coming year is also to be provided.

7 CORPORATE PLAN LINKS

7.1 The Committee's aim is to contribute to the achievement of the outcomes of the Corporate Plan 2022-2027, in particular:

- Undertake robust and accountable financial resource and infrastructure planning and management to ensure affordable and sustainable outcomes for our community.
- Commit to open and accountable governance to ensure community confidence and trust in council and our democratic values.
- Compliant with relevant legislation.

8 REGULATORY AUTHORITY

8.1 The Committee will comply with the relevant legislation, including but not limited to:

- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Crime and Corruption Act 2001*
- *Public Sector Ethics Act 1994*

9 EVALUATION OF COMMITTEE ACTIVITIES

- 9.1 The Committee will undertake an annual self-assessment of its performance for the previous 12 months each year.
- 9.2 The Committee will provide a report of the annual self-assessment outcomes to the Council.
- 9.3 The Chair will provide each individual member with feedback on that person's contribution to the Committee's activities at least once during each member's term of office.

10 REVIEW OF THE CHARTER

- 10.1 The Charter will be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- 10.2 All amendments to the Charter will be discussed and approved by Council.

11 APPROVAL OF THE CHARTER

- 11.1 The Lockyer Valley Regional Council Audit and Risk Management Committee Charter is endorsed by the Committee and approved by Council.

Version No: 10.0

Endorsed Audit and Risk Management Committee (Resolution No: ARMC/0251).