

POLICY



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Policy title: **AUDIT COMMITTEE**

Directorate: ORGANISATIONAL SERVICES

Branch: CORPORATE GOVERNANCE

Policy objective: To provide a framework for the operations of an audit committee within all functional areas of the Council.

To meet the annual reporting requirements as per the *Local Government Regulation 2012*.

Policy scope:

1. Under the *Local Government Act 2009*, a large local government is required to establish an Audit Committee. Accordingly, Council has resolved to establish an Audit Committee.
2. An Audit Committee acts as an advisory body to senior management and the Council on issues relating to internal and external audits, and financial and other accountability responsibilities. An Audit Committee complements the relationship between internal audit and the wider organisation, safeguarding internal audit's independence and further increasing the internal audit function's effectiveness and value to the Council.
3. To achieve the best possible result for the Council, the Audit Committee will receive the full support of the Council and the full cooperation, involvement and support of senior management. It will also have ready access to staff, information, expertise and other resources necessary to carry out its responsibilities.

Definitions:

Not applicable.

Policy statement:

The following procedure is to be undertaken for this policy:

1. Tasks of the Audit Committee
 - (a) Some of the major tasks of the Audit Committee in relation to internal audit are to:
 - (i) meet at least twice each financial year
 - (ii) review each of the following matters:
 - a. the internal audit plan for the internal audit for the current financial year
 - b. the internal audit progress report for the internal audit for the preceding financial year including the recommendations in the report and the actions to which the recommendations relate
 - c. a draft of the local government's general purpose financial statements for the preceding financial year before the statements are certified and given to the auditor-general under section 212 of the *Local Government Regulation 2012*.

- d. the auditor-general's audit report and the auditor-general's observation report about the local government's financial statements for the preceding financial year
 - e. implementation of coronial recommendations arising from State Coroner reports directed to Council. This review will be via reports to the committee from Council's Coronial Liaison Officers (i.e. Corporate Governance Manager)
 - f. as soon as practicable after a meeting of the committee, give the local government a written report about the matters reviewed at the meeting and the committee's recommendations about the matters.
2. Membership of the Audit Committee
- (a) The audit committee be comprised of:
 - (i) two councillors; and
 - (ii) four people external to the Council who would broadly represent the community. These people are required to demonstrate the skill set identified in section 3(b).
 - (b) The Audit Committee Chairperson will be an external representative.
 - (c) The Audit Committee Deputy Chairperson will be an external representative.
 - (d) A representative of both the Council's external and internal auditors shall attend meetings of the Audit Committee by invitation, but shall not be members of the Audit Committee.
 - (e) The Director of Organisational Services shall attend meetings of the Audit Committee by invitation but shall not be a member of the Audit Committee.
 - (f) The Chief Executive Officer may attend meetings of the Audit Committee by invitation, but cannot be a member of the Audit Committee.
3. External representatives on Council's Audit Committee
- (a) Obtaining the services of four external representatives to the Council to serve as members of the Audit Committee requires consideration of the qualifications of the person required.
 - (b) The following are the initial selection criteria for the position of external community representative on the Audit Committee:
 - (i) Demonstrated knowledge in one or more of the following areas - cybersecurity, fraud, risk management, financial management, corporate governance or audit;
 - (ii) Demonstrated knowledge of legislative, regulatory and industry standards applying to government agencies and/or large business enterprises and a high level of understanding of best practice internal controls, risk management and corporate governance;
 - (iii) Understand complex issues and the importance of transparency, accountability and probity in a public authority;
 - (iv) Experience in working in a large organisation at a senior level with demonstrated strong business acumen; and
 - (v) Have strong ethical values, sense of integrity, the ability to inquire and give direct and honest opinions to promote best practice.
4. Representatives' remuneration
- Council has fixed the fees payable to external representatives as follows:
- Chairperson - \$2,000 (excl GST) per meeting
 - Deputy Chairperson - \$1,750 (excl GST) per meeting
 - Member - \$1,500 (excl GST) per meeting.
- This includes preparation for and attendance at meetings of the Audit Committee.

5. Meetings of the committee

The Audit Committee must meet at least twice each financial year. The duration of meetings will be determined by the extent of the agenda, but is not expected to exceed half a day. The venue for meetings will be the Logan City Administration Centre, 150 Wembley Road, Logan Central.

Related policies/legislation/other documents:

| DOC ID | DOCUMENT TYPE | DOCUMENT NAME |
|-------------------------|---------------|----------------|
| 5891412 | Policy | Internal Audit |