



GOLDEN PLAINS SHIRE

# **ATTACHMENTS**

**Under Separate Cover  
Ordinary Council Meeting**

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**6.00pm Tuesday 28 May 2019**



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7.12	Review of Audit & Risk Committee Charter	
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## Golden Plains Shire Council AUDIT & RISK COMMITTEE CHARTER

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### Purpose

- (1) An Advisory Committee appointed, pursuant to section 139 of the Local Government Act 1989 to assist Council in fulfilling its responsibilities relating to risk management, financial management, control and reporting.

### Authority

- (1) The Audit & Risk Committee has the responsibility for advising Council on:
  - (a) seeking resolution on any disagreements between management and the external auditors on financial reporting;
  - (b) Review the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken;
  - (c) seeking any information it requires from Council members and Council management via the Chief Executive Officer and external parties; and
  - (d) formally meeting with Council management, internal and external auditors as necessary.

### Composition

- (1) The Audit & Risk Committee consists of five members, comprising two Councillors, of which the Mayor will be one, and three independent members.
- (2) A quorum of three members (including at least two independent members) will be necessary to transact business of the committee.
- (3) Council will appoint Audit & Risk Committee members. The independent members appointed by Council are to be natural persons with an appropriate level of local government regulatory knowledge complemented by appropriate finance, risk, information systems, audit or management experience and relevant qualifications.
- (4) The independent members are to be appointed for a maximum four year term with an option for a further maximum four year term by mutual consent.
- (5) Council may adjust the initial period of appointment of an independent member to allow for mid-term appointments and to avoid situations where both independent member terms expire within close proximity of each other. This initial period of appointment must be more than one year, and no more than four years.
- (6) Committee members are required by the Local Government Act 1989 to complete Returns of Interest every six months and declare any conflicts of interest that apply to any matter to be considered at each meeting.
- (7) Where vacancies exist, Council shall determine a mechanism for filling those vacancies.

### Chairperson

- (1) Unless directly appointed by Council, the Audit & Risk Committee will appoint a Chair.
- (2) The chair will be an independent member.
- (3) The election of the Chair shall take place in accordance with the process for the election of the Mayor under the Golden Plains Shire Council Local Law No.1 2009 (Process of Municipal Government). *The Chairperson is re-affirmed on an annual basis and the appointed chair is capped to a three year term*
- (4) The Chair will preside over meetings of the Audit & Risk Committee.

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### **Meetings**

- (1) The Audit & Risk Committee will meet four times a year, with authority to convene additional meetings, as circumstances require.
- (2) The Committee meetings shall be 'Closed' and therefore not open to the public.
- (3) All Audit & Risk Committee members are expected to attend each meeting, in person.
- (4) The Chief Executive Officer or their delegate will facilitate the meetings of the Audit & Risk Committee and invite whoever is necessary for the orderly and effective conduct of committee business to attend meetings to provide pertinent information, as necessary.
- (5) Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials.
- (6) Minutes will be prepared.

### **Responsibilities**

- (1) The Audit & Risk Committee has the following financial reporting responsibilities:
  - (a) Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
  - (b) Review with management and the external auditors the results of the audit, including any difficulties encountered.
  - (c) Review the quarterly statements as prepared under section 138 of the Local Government Act 1989.
  - (d) Review the annual financial report, and consider whether it is complete, consistent with information known to Audit & Risk Committee members, and reflects appropriate accounting principles and make a formal recommendation to Council.
  - (e) Review with management and the external auditors all matters required to be communicated to the Audit & Risk Committee under the Australian Auditing Standards.
- (2) The Audit & Risk Committee has the following internal control responsibilities:
  - (a) Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
  - (b) Monitor related party transactions by determining whether the systems of control are adequate.
- (3) The Audit & Risk Committee has the following risk management responsibilities:
  - (a) Monitor the systems and process via Council's risk profile to ensure that material operational risks to Council are dealt with appropriately.
  - (b) Monitor the process of review of Council's risk profile.
  - (c) Consider the adequacy of actions taken to ensure that the material business risks have been dealt with in a timely manner to mitigate exposures to Council.
  - (d) Review the process of developing and implementing council's fraud control arrangements to assist council in ensuring it has appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities.
- (4) The Audit & Risk Committee has the following business continuity responsibilities:
  - (a) Monitor processes and practices of Council to ensure for effective business continuity.

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- (5) The Audit & Risk Committee has the following internal audit responsibilities:
- (a) Review with management and the internal auditor the charter, activities, staffing, and organisational structure of the internal audit function.
  - (b) Review and recommend the annual audit plan for approval by Council and all major changes to the plan.
  - (c) Monitor processes and practices to ensure that the appropriateness and independence of internal audit function is maintained.
  - (d) As part of the Audit & Risk Committee's annual assessment of performance, determine level of satisfaction with internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
  - (e) Monitor that the internal auditor's annual plan is linked with and covers the material business risks.
  - (f) Provide an opportunity for the Audit & Risk Committee to meet with the internal auditor to discuss any matters that the Audit & Risk Committee or internal auditor believes should be discussed privately.
- (6) The Audit & Risk Committee has the following external audit responsibilities:
- (a) Note the external auditor's proposed audit scope and approach, including any reliance on internal auditor activity.
  - (b) Provide an opportunity for the Audit & Risk Committee to meet with the external auditors, to discuss any matters that the Audit & Risk Committee or the external auditors believe should be discussed privately.
- (7) The Audit & Risk Committee has the following compliance responsibilities:
- (a) Review the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
  - (b) Keep informed of the findings of any examinations by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings.
  - (c) Obtain regular updates from management about compliance matters.
- (8) The Audit & Risk Committee has the following reporting responsibilities
- (a) Report regularly to Council about Audit & Risk Committee activities, issues, and related recommendations to a subsequent meeting of Council.
  - (b) Monitor that open communication between the internal auditor, the external auditors, and Council occurs.
  - (c) Consider the findings and recommendations of relevant performance audits undertaken by the Victorian Auditor-General and to ensure Council implements relevant recommendations.
- (9) The Audit & Risk Committee has the following other responsibilities
- (a) Perform other activities related to this charter as requested by Council.
  - (b) Review and assess the adequacy of the Audit & Risk Committee charter annually, requesting Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.
  - (c) Confirm annually that all responsibilities outlined in this charter have been carried out.
  - (d) Evaluate the Audit & Risk Committee's performance annually using a self-

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assessment tool.

### **Fees**

- (1) Council will pay a fee to all independent committee members under section 139(7) of the Local Government Act 1989, with the amount determined by Council, taking into account an assessment of the market and a recommendation of the Chief Executive Officer.
- (2) Fees will consist of a Member Fee (paid to all independent committee members) and a Chairperson Fee (paid to the Chairperson, in addition to the Member Fee).
- (3) The Member Fee:
  - (a) will be paid to all independent committee members immediately following any scheduled committee meeting.
  - (b) will not be paid to committee members absent from the meeting.
- (4) The Chairperson Fee:
  - (a) will be paid to the Chairperson of the Audit & Risk Committee immediately following any scheduled committee meeting.
  - (b) will be paid in addition to the Member Fee.
  - (c) will not be paid to an independent committee member holding the role of acting or temporary chairperson.
- (5) The Member Fee and Chairperson Fee will be increased in accordance with any published increase in Councillor allowances. The notice of any change to the adjustment factor is published in the Government Gazette under section 73B(4) of the Local Government Act 1989. The fee will be rounded to the nearest ten dollars and will take effect at the beginning of the first quarter following the date specified in the notice.
- (7) Council does not have to pay a Member Fee or Chairperson Fee to a committee member who does not want to receive a fee.

### **Support**

- (1) To facilitate the operation of the Audit & Risk Committee, the Chief Executive Officer or their delegate has responsibility to provide:
  - (a) Information and any necessary training for members in relation to their responsibilities under the Local Government Act 1989.
  - (b) Officer advice in respect of matters before the Audit & Risk Committee.
  - (c) Secretarial and logistical support to the Audit & Risk Committee.