



# BOULIA SHIRE COUNCIL

## AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE

### COMMITTEE PURPOSE

Boulia Shire Council is committed to an open and accountable system of governance. In accordance with s105 of the *Local Government Act 2009*.

### 105 Auditing, including internal auditing

- (1) Each local government must establish an efficient and effective internal audit function.
- (2) Each large local government must also establish an audit committee.
- (3) A **large local government** is a local government that belongs to a class prescribed under a regulation.
- (4) An **audit committee** is a committee that—
  - (a) monitors and reviews—
    - (i) the integrity of financial documents; and
    - (ii) the internal audit function; and
    - (iii) the effectiveness and objectivity of the local government's internal auditors; and
  - (b) makes recommendations to the local government about any matters that the audit committee considers need action or improvement.

In the interests of improvement, transparency and accountability the Boulia Shire Council has decided to have an Audit Committee which also reviews councils risk management.

This document establishes the authority and responsibilities conferred on the Audit & Risk Management Committee by the Boulia Shire Council and explains the role of the Audit & Risk Management Committee within the Council.

The Audit & Risk Management Committee's purpose is to provide *Council* with assistance, advice and oversight with respect to matters of financial reporting, corporate governance, risk and control, statutory compliance, internal and external audit functions.

### AUTHORITY

The Audit & Risk Management Committee undertakes an advisory function and provides the Chief Executive Officer and Council executive officers with independent advice on key Council activities.

Recommendation that independent professional advice be sought when considered necessary and have the power to obtain information from management and to consult directly with auditors.

Requests to seek independent professional advice and obtain information from management should be directed through the CEO.

The Audit & Risk Management Committee will have the right to question and seek attendance at committee meetings of any staff. Any requests should be directed through the CEO.

Council is to ensure the adequacy of resources and funding is sufficient to allow the Audit & Risk Management Committee to carry out its role.



# BOULIA SHIRE COUNCIL

## Confidentiality and Conflict of Interest

All matters discussed at Audit & Risk Management Committee meetings together with all material provided to members of the committee is of a confidential nature.

All members of the Audit & Risk Management Committee are to refrain from making any public comment or issuing any information, in any form, concerning the Committee or the matters of interest to the Committee without the authority of the Mayor or CEO.

All members of the Audit & Risk Management Committee are to act impartially in the performance of the role and promptly notify Council of any conflict or potential conflict between the role and other interests of the appointee.

## Membership of Committee

As per Section 210 of the Local Government Regulation 2012, the Committee must comprise of at least three but no more than six members and of these members two must be Councillors.

The Committee will consist of –

- Voting Members – appointed for the term of Council:
- Two Councillors considered by Council to have the necessary qualification or interest in serving on the Committee.
- Up to three external persons independent of Council, one of whom show skills and experience in financial matters.
- Council must appoint one of the members of the Audit & Risk Management Committee as the Chairperson.
- Non-Voting Attendees (Chief Executive Officer, Manager of Corporate & Financial Services).
- Non-Voting Invitees (External Auditors, Internal Auditors, Queensland Audit Office Officers, Council Officers by invitation).

Appointment period for external independent persons will be three with an option for another 3 years.

## ADMINISTRATIVE ARRANGEMENTS

- Meetings – the committee shall meet at least two times a year (based on a financial year) or as determined by the Chair.
- Quorum – shall consist of two voting members.
- Secretariat – shall be provided by CEO.
- Conflicts of Interest – shall be managed in accordance with the *Local Government Act 2009*.
- Review of Terms of Reference – periodically as determined to be necessary.
- Remuneration of external members – will be at the discretion of the Chief Executive Officer.

## RESPONSIBILITIES

The functions and responsibilities of the Audit & Risk Management Committee shall include oversight in relation to the following;

- **Corporate Governance, Compliance, Risk Management and Control Framework:**
  - Monitor the effectiveness of the risk management and internal control framework, management policies and key governance processes – including Asset Management and IT governance.
  - Review reports on the activities and investigations of any significant Fraud Prevention and Security related matters.

Additionally, the committee must review at each meeting:

- (i) The local government's systems and procedures for carrying out its functions under the *Local Government Act 2009*;
- (ii) The risks to which the local government's operations are exposed;



# BOULIA SHIRE COUNCIL

- (iii) The internal control measures adopted by the local government for managing the risks mentioned above;
- (iv) Any report prepared by the auditor-general under section 530 of the Act during the financial year within which the meeting is held;
- (v) Any internal audit reports prepared under the function during the financial year within which the meeting is held.

The Audit & Risk management committee must also give the local government, as soon as practicable after a review is conducted, a written report stating any recommendations the committee has about the matters reviewed.

- Review any other matter (eg: business or legal risks or legal actions) referred to it by the Chief Executive Officer.
  - The Audit & Risk Management Committee will self-assess annually.
  - The minutes of each Audit & Risk Management Committee meeting, as soon as practicable after a meeting, will be tabled with Council together with a report identifying any recommendations arising from the audit & risk management committee.
- **Financial Statements:**
    - Review and consider the financial statements, ratios and other relevant financial reports of Council.
    - Monitor whether the timeliness of preparation of the annual financial statements is appropriate.
    - Monitor and consider management's compliance with statutory requirements.
    - Review the scope, approach, reports and activities of proposed audit coverage.
  - **Internal and External Audit:**
    - Review and monitor whether the audit process is effective.
    - Ensure the objectivity and independence of the audit functions.
    - Monitor and review audit plans, reports and activities.
    - Ensure auditors receive the cooperation of all levels of management.
    - Review and consider differences of opinion between audit and management.
    - Monitor management's implementation of auditor's recommendations.
    - Ensure there are no restrictions placed on the audit function by management.
    - Facilitate the effective cooperation and coordination between external and internal audit.