



BOULIA SHIRE COUNCIL

Audit & Risk Management Committee Policy

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Summary:	This policy establishes the authority and responsibilities of the Audit & Risk Management Committee and its role within Council.
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Responsible Section:	Finance
Responsible Officer:	Director of Corporate & Financial Services
Legislation:	Local Government Act 2009 s105 Local Government Regulation 2012 s208 - 211

SCOPE

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.

PURPOSE

Boulia Shire Council is committed to an open and accountable system of governance. In accordance with s105 of the *Local Government Act 2009*, Council must establish an efficient and effective internal audit function. Council has agreed to have an Audit & Risk Management Committee even though Council is not required to have one due to Council's size.

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, internal and external audit functions.

AUTHORITY

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

The Committee will have the right to recommend 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.

COMPOSITION AND TENURE

As per Section 210 of the *Local Government Regulation 2012*, the Committee must comprise of:

- at least 3 and no more than 6 members
- include 1, but no more than 2 Councillors
- 1 member who has significant experience and skills in financial matters.

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, and,
 - One external person independent of Council, who shall have extensive skills and experience in financial matters.
 - Two Community Members independent of Council
 - Chair – to be an External Community member appointed by Local Government
- Non-Voting Attendees (Chief Executive Officer, Director of Corporate & Financial Services, Finance Manager).
- Non-Voting Invitees (External & Internal Auditors, Council Officers by invitation)

Maximum appointment period for external independent persons will be a total of 6 years.

ADMINISTRATIVE ARRANGEMENTS

- Meetings – the committee shall meet at least four 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 and otherwise assisted by Internal Audit.
- Conflicts of Interest – shall be managed in accordance with the *Local Government Act*.
- Review of Terms of Reference – periodically as determined to be necessary.
- Remuneration of external members – will be at the discretions of the Chief Executive Officer.

RESPONSIBILITIES

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

- **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 each of the following matters:

- (i) The internal audit plan for the internal audit for the current financial year;
- (ii) The internal audit progress report for the preceding financial year including the recommendations in the report and the actions to which the recommendations relate;
- (iii) The external audit plan for the external audit for the current financial year;
- (iv) Any key account position papers being prepared by Management as a part of the audit;
- (v) Significant project deliverables including but not limited to valuations of property, plant and equipment;
- (vi) A draft of the local government's financial statements for the preceding year before the statements are certified and given to the Auditor-General under section 212 of the *Local Government Regulation 2012*;
- (vii) The Auditor-General's audit report and Auditor-General's observation report about the local government's financial statements for the preceding financial year; and
- (viii) As soon as practicable after a review is conducted, a written report stating any recommendations the committee has about the matters reviewed;
- (ix) Review Council's risk register at least annually and comment on Managements progress/rectification of issues;
- vi) Any other matter (eg: business or legal risks or legal actions) referred to it by the Chief Executive Officer.

- Review any other matter (eg: business or legal risks or legal actions) referred to it by the Chief Executive Officer.
- The minutes of each Audit & Risk Management Committee meeting, as soon as practicable after a meeting, will be tabled with Council.
- The Audit & Risk Management Committee will self-assess annually.

- **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.