

## **AUDIT COMMITTEE TERMS OF REFERENCE**

### **1. ESTABLISHMENT**

The Audit Committee (the Committee) is established as an advisory committee to the Council in accordance with the Local Government Act Part 4, and section 10(2) of the Local Government (Accounting) Regulations.

### **2. OBJECTIVE**

The Committee is to provide independent assurance and assistance to the Coomalie Council (the Council) and the Chief Executive Officer on:

- The Council's control and compliance frameworks
- The agency's external accountability responsibilities as prescribed in the Local Government Act and Accounting Regulations.

### **3. AUTHORITY**

With consideration of legal and confidentiality implications the committee is authorised, within the capacity of its role and responsibilities, to:

- Obtain any information it requires from any employee and/or external party.
- Discuss any matters with the external auditor, or other external parties.
- Request the attendance of any employee at committee meetings.
- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

### **4. MEMBERS AND TENURE**

The Committee consists of:

- Two Councillors.
- One Community Member, whom should have local government and accounting experience.
- Finance Manager
- CEO.
- The Chairman of the Committee shall be appointed by the Council.
- The Council shall appoint Councillors to this Committee bi-annually and the Community Member shall be appointed for the term of Council.

### **5. KEY RESPONSIBILITIES**

The Committee will undertake the following functions:

- Oversee the internal audit function including development of audit programs with reference to the conduct of internal audits by appropriately qualified personnel, the monitoring of audit outcomes and the implementation of recommendations.

- Review quality of annual financial statements and other public accountability documents (such as annual reports) prior to their adoption by the Council.
- Review management's responses to external audit recommendations and monitor implementation of the agreed recommendations.
- Meet with the external and internal auditors at least once each year to receive direct feedback about any key compliance issues, and to provide feedback about the auditor's performance.
- Advise the Council about the appointment of external auditors.
- Assess the adequacy of audit scope and coverage.

## **6. REPORTING**

The Committee will regularly report on its operation and activities, including:

- A summary of the key issues arising from each meeting of the committee.
- Annually, an overall assessment of the Council's control and compliance framework, together with a summary of the work the committee performed in conducting its responsibilities during the preceding year.
- The committee will make recommendations and report to Council.

## **7. MEETINGS**

The Committee will meet up to 4 times per year and a special meeting may be held to review the Council's Annual Report including financial statements.

A forward meeting plan, including meeting dates and agenda items, will be agreed to by the Committee each year and will address all of the Committee's responsibilities as detailed.

A quorum will consist of a majority of Committee Members.

## **8. SECRETARIAT**

Secretariat support will be provided by the CEO.

### **Responsibilities**

The Secretariat will be responsible for ensuring that the agenda for each meeting and supporting documentation are circulated, after approval from the chair, at least one week prior to the meeting. The Secretariat will prepare and maintain the minutes ensuring they are signed by the chair and distributed to each member.

## **9. CONFLICT OF INTERESTS**

In accordance with Section 74(1) of the Local Government Act, committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. All details of any conflict of interests are to be minuted.

If members or observers at a Committee meeting are deemed to have a real or perceived conflict of interest, they are to be excused from Committee discussions on the issue where the conflict of interest exists.

## **10. CONFIDENTIAL AND IMPROPER USE OF INFORMATION**

Committee Members will from time to time deal with confidential reports. Section 75 of the Local Government Act outlines the penalties applicable to people who disclose confidential information acquired as a member of a Council committee. Section 76 of the Local Government Act states that a person who makes improper use of information acquired as a member of a Council committee is guilty of an offence.

## **11. DUE DILIGENCE AND INDUCTION**

All proposed and new members of the Committee will be entitled to receive relevant information and briefings prior to their appointment.

## **12. ASSESSMENT OF COMMITTEE**

The chair of the committee and the CEO will initiate a review of the performance of the committee at least once every two years. The review will be on an internal assessment basis with appropriate input from the Council, CEO and senior managers, internal and external auditors, and any other relevant stakeholders.

## **13. REVIEW**

These Terms of Reference will be reviewed on an annual basis by the Committee. Any substantive changes will be recommended by the Committee and formally approved by the Council.

**Approved at the Council meeting held on 12 August 2014.**