



Terms of Reference

Audit and Risk Committee

1. PURPOSE

The Balonne Shire Council Audit and Risk Committee is constituted to fulfil Council's legislative requirement to: -

- (a) Monitor and review:
 - i. The integrity of financial documents;
 - ii. The internal audit function; and
 - iii. The effectiveness and objectivity of the local government internal auditors; and
 - iv. The risk, control and compliance frameworks.
- (b) Make recommendations to the local government about any matter that the Audit and Risk Committee considers need action or improvement.

Nothing in these terms of reference shall limit or prevent the Audit and Risk Committee fulfilling its statutory function.

2. MEMBERSHIP

Independent Chair holding significant experience and skills in financial matters, to be appointed by Council by resolution

Mayor

Councillor holding portfolio responsibility for Finance

1 independent member, holding significant experience and skills in financial matters, to be appointed by Council by resolution

3. CHAIR

Independent Chair holding significant experience and skills in financial matters, to be appointed by Council by resolution

4. ADVISORS

Council's Chief Executive Officer and Departmental Directors are appointed as advisors to the Committee.

The Committee may invite other personnel / consultants as an advisor as may be reasonable for it to discharge its terms of reference.

Advisors are not members of the Committee.

5. FREQUENCY OF MEETINGS

In accordance with s 211 of the Local Government Finance Regulation 2012, the committee must meet at least twice in each financial year.



Terms of Reference

Audit and Risk Committee

The Committee is empowered to determine its meeting frequency, time and venue of meetings and on average meets at least four times per calendar year.

6. QUORUM

The Committee Quorum shall be any three members.

7. CHARTER

In undertaking the above responsibilities, the committee may carry out the following:

A. FINANCIAL STATEMENTS

- Review the appropriateness of accounting policies adopted by the Council and ensure the accounting policies adopted are relevant to the Council and its specific circumstances.
- Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements.
- Review the financial statements for compliance with prescribed accounting and other requirements.
- Review, with management and external auditors, the results of the external audit and any significant issues identifies.
- Exercise skepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements.
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

B. INTERNAL CONTROL

- Understand the scope of internal and external auditors' review of internal control and obtain reports on significant findings and recommendations, together with management's responses.

C. INTERNAL AUDIT

- Have final authority to review and approve the annual internal audit plan and all major changes to the plan.
- Monitor the effectiveness of the internal audit function on an ongoing basis.
- Receive and review Internal Audit reports.
- Review the findings and recommendations of internal audit and the response to them by management.
- Review the implementation of internal audit recommendations accepted by management.

D. EXTERNAL AUDIT

- Review the findings and recommendations of external audit (including from performance audits) and the response to them by management.



Terms of Reference

Audit and Risk Committee

- Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with audit's findings.
- The appointment of the external auditor is controlled by the Auditor General and not by Council. The Committee therefore has limited opportunity to influence the scope of work of the auditor.
- Review the external auditors' proposed audit scope and approach.
- Monitor the progress of actions proposed in relation to significant findings and recommendations made by the external auditors.
- The Audit and Risk Committee will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

E. COMPLIANCE

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.

F. RISK MANAGEMENT

- Review Council's framework for managing and monitoring enterprise wide risk and evaluate whether management have addressed, considered and managed risks throughout the organisation.
- Gain an understanding of the current areas of greatest financial and operational risk and how management is managing these effectively.
- Regularly review the Council's Risk Register to identify areas of significant risk and determine if appropriate controls or treatments are being applied to eliminate or mitigate those risks.
- Identify areas of risk not adequately addressed or not identified in current action plans and recommend investigation into those areas for Risk Assessment purposes.

8. SELECTION OF COMMITTEE MEMBERS

The selection criteria and process for the appointment of the independent external members shall ordinarily be as follows:

1. The Council shall seek nominations from persons interested in being appointed to the available position. All nominees who satisfy the conditions of this charter shall be eligible for appointment.
2. The eligible persons will be interviewed by a Panel comprising the Mayor, Deputy Mayor and the Council's Chief Executive Officer who shall make recommendations to the Council.
3. Successful applicants will be required to undergo a police check.
4. Following receipt of recommendations from the Panel, the Council may appoint the independent external member by resolution.



Terms of Reference

Audit and Risk Committee

9. TERM OF OFFICE

To allow for knowledge continuity the independent external members will be appointed for the term of two years, after which they will be eligible for extension or re-appointment for a further two years at the Council's discretion, following a review of their performance.

The maximum number of consecutive terms an independent external member can be a member of the committee without the need for calling for further nominations is two (2) terms.

10. VACANCY

In the case of resignation from the committee by an independent external member, the Council is to appoint another independent external member as soon as is possible in accordance with the process set out above.

11. CONFLICTS OF INTEREST

Members are required to declare any interests that could constitute a real, potential or perceived conflict of interest with respect to participation on the committee. The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting, and be updated as necessary. Members of the Audit and Risk Committee must conduct themselves in a way which is considered appropriate and promotes a culture of ethical behaviour.

12. CONFIDENTIALITY

All information acquired during a member's term of office on the Audit and Risk Committee is confidential to Balonne Shire Council and should not be disclosed either during the memberships or after termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chair of the committee.

13. REPORTING

The Audit and Risk Committee Chair will prepare an annual report to the Council summarizing the performance and achievements for the previous year.

14. REMUNERATION

The independent members of the Committee will be entitled to reimbursement of out of pocket expenses for attendance at the Audit and Risk Committee meetings. Any professional fees will be at the discretion of the council.

15. REVIEW

The Audit and Risk Committee may recommend to council amendments to the terms of reference and membership at anytime.



Terms of Reference

Audit and Risk Committee

16. LEGAL PARAMETERS

Local Government Act 2009 (Qld), ss105 and 265
Local Government Regulation 2012 (Qld), ss207-211

17. ASSOCIATED DOCUMENTS

Code of Conduct for Councillors
Code of Conduct for Employees

Established: 21st March 2014 (CFS3)
18th July 2014 (CFS4) amended
21st April 2016 (GEN6 & CFS6) amended
20 April 2017
18 July 2019