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THE CHARTER

This document, to be known as the Audit & Risk Committee Charter of Whitsunday Regional Council, has been approved by the Council of the Whitsunday Regional Council.

The purpose of this charter is to outline the role, responsibilities, composition and operating guidelines of the Audit Committee, (the committee), in accordance with the *Local Government Act and Regulations 2009/2010*.

1. AUTHORITY AND INDEPENDENCE

The committee has no executive powers. The Audit & Risk Committee is a committee of Whitsunday Regional Council and is directly responsible to the full Council of the Whitsunday Regional Council. In discharging its responsibilities, the committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility;
- Access information, records and personnel of Whitsunday Regional Council for such purpose;
- Request the attendance of any employee, including executive staff, at committee meetings;
- Conduct meetings with Whitsunday Regional Council internal and external auditors, as necessary;
- Seek advice from external parties, as necessary.

2. ROLE

The role of the committee is to provide independent assurance and assistance to the Council of Whitsunday Regional Council on:

- The risk, control and compliance frameworks;
- Council's external accountability responsibilities as prescribed in the *Local Government Act and Regulations 2009/2010*.

The committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within Whitsunday Regional Council, or the reporting lines and responsibilities of external audit functions.

The committee will provide prompt and constructive reports on its findings directly to Council, as required by legislation.

3. DUTIES AND RESPONSIBILITIES

The committee is directly responsible and accountable to the full Council for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the committee must at all times recognise that the responsibility for management of Whitsunday Regional Council rests with the Chief Executive Officer.

The audit committee's duties and responsibilities are to:

3.1. Local Government Act & Regulations

- Monitor and review:
 - + The integrity of the financial documents of the local government;
 - + The internal audit function of the local government;
 - + The effectiveness and objectivity of the local government's internal auditors; and
 - + The effectiveness, independence and objectivity of the local government's external auditors.
- Make recommendations to the local government about matters that the audit committee considers need action or improvement.

3.2. Financial Statements

- Satisfy itself that the financial statements are supported by management and audit sign-off;
- Review the financial statements, recommend and provide advice to the local government on the adoption of the audited financial statements taking into account audit recommendations and adjustments;
- Make recommendations to the local government about matters that the audit committee considers need action or improvement;
- Review the appropriateness of accounting policies;
- Review the appropriateness of significant assumptions made by management in preparing the financial statements;
- Review the financial statements for compliance with prescribed accounting and other requirements;
- Review, with management and the external auditors, the results of the external audit and any significant issues identified;
- Ensure there is proper explanation for any unusual transactions or trends or variations from budget;
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

3.3. Risk Management

- Review the risk management framework for identifying, monitoring and managing significant business risks, including fraud;

- Satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate;
- Liaise with management to ensure there is a common understanding of the key risks to Council. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date;
- Assess and contribute to the audit planning processes relating to the risks and threats to Council;
- Review effectiveness of Council's processes for identifying and escalating risks, particularly strategic risks.

3.4. Internal Control

- Review, through the internal and external audit functions, the adequacy of the internal control structure and systems, including information technology security and control;
- Review, through the internal and external audit functions, whether relevant policies and procedures are in place and up-to-date, including those for the management and exercise of delegations, and whether they are complied with.

3.5. Performance Management

- Review Council's compliance with the performance reporting requirements of the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997* and the Annual Report Guidelines for Queensland Government Agencies;
- Review whether performance management systems in place reflect Council's mission, goals and operational objectives;
- Identify that the performance reporting and information uses appropriate benchmarks, targets and trend analysis.

3.6. External Audit

- Consult with external audit on the function's proposed audit strategy, audit plan and audit fees for the year;
- Review the findings and recommendations of external audit and the response to them by management;
- Ensure that there is no material overlap between the internal and external audit functions;
- Review External Audit recommendations and monitor and review Management responses and implementation of agreed actions.

3.7. Internal Audit

- Review the budget, staffing and skills of the internal audit function;
- Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management;
- Review the proposed internal audit plan for the coming year to ensure that it covers key risks and that there is appropriate co-ordination with the external auditor;

3.8. Compliance

- Determine whether management has considered legal and compliance risks as part of Council's risk assessment and management arrangements;

- Review the effectiveness of the system for monitoring Council's compliance with relevant laws, regulations and government policies;
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

3.9. Reporting

- Submit quarterly reports to Council outlining relevant matters that have been considered by it as well as the committee's opinions, decisions and recommendations;
- Circulate minutes of the committee meetings to Council, committee members and invited guests as appropriate;
- Prepare an annual report to Council summarising the performance and achievements for the previous year. An interim program of the planned activities for the coming year also is to be provided.

4. MEMBERSHIP AND MEETINGS

4.1. Membership

- Members, including the Chair, are appointed by Council;
- Membership of the committee will consist of a minimum of three and a maximum of six as outlined in s159 of The Local Government (Finance, Plans and Reporting) Regulation 2010;
- A minimum of one member will be external to Council. The committee will strive to increase the number of independent members over time;
- A maximum of two (2) members will be Councillors of the Whitsunday Regional Council;
- At least one member will have 'financial expertise' as described in the Queensland Treasury publication, *Audit Committee Guidelines – Improving Accountability and Performance 2008*;
- At least one member will have expertise in Local Government;
- The term of appointment is for three years and can be extended for a further term subject to the composition and skill requirements of the committee. The maximum term is six years;
- Members are appointed on the basis of personal qualities and skills and proxies are not permitted if the member is unable to attend meetings;
- Member terms and conditions are to be disclosed in the Letter of Appointment.

4.2. Chair

- The Chair will be appointed by Council;
- The Chair will be appointed from the membership of the audit committee;
- The Chair will possess sound communication and strong leadership skills.

4.3. Secretary

- A secretary/secretariat function will be appointed by the chair to facilitate the committee's meetings and reporting duties;
- The secretary, in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the committee;

- The secretary will table all correspondence, reports and other information relevant to the committee's activities and operations.

4.4. Ethical practices

- Members are required to declare any interests that could constitute a real, potential or apparent 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.

4.5. Meetings and attendance

- The committee will meet at least four (4) times per annum and the schedule of meetings will be agreed in advance;
- A quorum will consist of two members, one of whom must be an independent member.
- Whitsunday Regional Council mandates that one (1) member from both the Internal and External Auditors must attend each **AUDIT AND RISK COMMITTEE** meeting in person. The cost to attend is covered within the scheduled fees.

4.6. Meeting Agenda

- The committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risks and threats;
- The agenda and relevant papers will be distributed to members at least five (5) working days before the meetings.

5. RELATIONSHIPS

5.1. Internal Audit

The committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that Whitsunday Regional Council's internal audit function operates effectively, efficiently and economically.

- The internal auditor will have a standing invitation to attend committee meetings;

5.2. External Audit

The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management.

- The Queensland Audit Office, or its appointed auditor, will have a standing invitation to attend committee meetings;

5.3. Other Executive Management committees

The audit committee shall liaise with the Chief Executive Officer as required, to ensure:

- That its statutory and operational responsibilities are met;
- That there is no material overlap between the functions and duties of the groups;
- Frank and meaningful interchange of information.

6. EVALUATION OF COMMITTEE ACTIVITIES

- The committee will undertake an annual self-assessment of its performance, for the previous twelve months, at the March meeting;
- The committee will provide a report of the annual review outcomes to Council;
- At least once every four years the committee will arrange for an external peer review of its operations and activities. The results of this review are to be provided directly to Council;
- The Chair will provide each individual member with feedback on that person's contribution to the committee's activities at least once during each member's term of office. This assessment will include a review of any training needs of the member.

7. REVIEW OF THE CHARTER

- The charter will be reviewed annually by the committee to ensure it remains consistent with the committee's authority, objectives and responsibilities;
- All amendments to the charter will be discussed and approved by the audit committee.

8. APPROVAL OF THE CHARTER

Whitsunday Regional Council's audit committee charter is endorsed by the Chair of the committee and approved by Council.

Cr Andrew Willcox

Chair Whitsunday Regional Council Audit Committee