



AUDIT PANEL CHARTER

FILE NO: FIN/0401

ADOPTED BY COUNCIL: 18 June 2015

AMENDED BY COUNCIL: 15 February 2018

AMENDED BY COUNCIL: 22 February 2019

MOTION NO:

MOTION NO: 40.02.2018

MOTION NO: 38.02.2019

AUDIT PANEL CHARTER

Flinders Council (the Council) has established the Audit Panel in compliance with Division 4 of the *Local Government Act 1993* (the Act), the *Local Government (Audit Panels) Order 2014* (the Audit Panels Order) **and the *Local Government (Audit Panels) Amendment Order 2015***.

This Charter sets out the panel's objectives, authority, composition, tenure, functions, reporting and administrative arrangements.

1 Objective

The objective of the Audit Panel is to review the Council's performance under section 85A of the Act and report to Council its conclusions and recommendations.

2 Authority

Council authorises the Audit Panel, within its responsibilities, to:

- 2.1 Obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- 2.2 Discuss any matters with the Tasmanian Audit Office (TAO), or other external parties (subject to confidentiality considerations);
- 2.3 Request the attendance of any employee, including members of the Council, at Audit Panel meetings; and
- 2.4 Obtain legal or other professional advice, as considered necessary to meet its responsibilities.

3 Composition and Tenure

The Audit Panel will comprise of a minimum of 3 independent members appointed by Council. Council will appoint an independent Chairperson, who may be located remote from Flinders Island.

Audit Panel members are appointed for a period of up to four years.

Audit Panel members may be re-appointed at the approval of the Council.

4 Functions

The Audit Panel is to assist the Council in fulfilling its responsibilities relating to the review of the Council's performance by considering:

- 4.1 The Council's financial system, financial governance arrangements and financial management;**
- 4.2 Whether the annual financial statements of the council accurately represent the state of affairs of the Council;
- 4.3 Whether and how the strategic plan, annual plan, long-term financial management plan and long-term strategic asset management plans of the Council are integrated and the processes by which, and assumptions under which, those plans were prepared;
- 4.4 The accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that the Council has in relation to safeguarding its long-term financial position;

- 4.5 Whether the Council is complying with the provisions of the Act and any other relevant legislation;
- 4.6 Whether the Council has taken any action in relation to previous recommendations provided by the Audit Panel to the Council, **and if it has taken action, what the action was and its effectiveness;**
- 4.7 Whether the **Council** workplace has a culture of ethical behaviour;
- 4.8 Council performance with respect to corporate governance, legislative and policy compliance, risk management and internal control and decision-making; and
- 4.9 Any other activities within the Audit Panel's remit, as determined by the Audit Panel.**

The Audit Panel

- 4.10 is to serve as an independent and objective resource and shall generally operate within the scope and intent of the Operating Practice Guidelines for Local Government Audit Panels as prepared by and from time amended by the Tasmanian State Governments Local Government Division within the Department of Premier and Cabinet.
- 4.11 will provide Council with a written report of its activities, conclusions and recommendations that it reaches.

It is important to remember that the Audit Panel does not and cannot absolve **the** Council of its responsibilities or accountability. The Audit Panel is an independent source of advice for the Council and under no circumstances can a Council delegate its responsibilities to the Audit Panel.

5 Key Areas

In fulfilling its functions, the Audit Panel should consider the following key areas:

- 5.1 Corporate governance;
- 5.2 **Systems of internal control;**
- 5.3 **Risk management frameworks;**
- 5.4 Human resource management, including policies, procedures and enterprise agreements;
- 5.5 Information and communications technology governance;
- 5.6 Management and governance of the use of data, information and knowledge; and
- 5.7 Internal and external reporting requirements.

6 Responsibilities of Audit Panel members

Members of the Audit Panel are expected to understand and observe the legal requirements of the Act and the Audit Panels Orders. Members are also expected to:

- 6.1 Act in the best interests of the Council;
- 6.2 Apply sound analytical skills, objectivity and judgment;
- 6.3 Express opinions constructively and openly,
- 6.4 Raise issues that relate to the Audit Panel's functions and pursue independent lines of enquiry **within the Audit Panel's deliberations and meetings;**
- 6.5 Contribute the time required to review the papers provided; and
- 6.6 Abide by the Audit Panel's Code of Conduct.**

7 Reporting

The Audit Panel is to provide a copy of its meeting minutes to the Council as soon as practicable after each Audit Panel meeting.

If the Audit Panel has conducted a review under section 85A of the Act, the Audit Panel must provide a written report of its conclusions and recommendations to the Council as soon as practicable after the review is completed.

The Audit Panel must provide an annual report as soon as practicable after 30 June each year to Council that comprises, at least

- A summary of the work undertaken and significant findings during the year;
- A review of the Audit Panel Charter and, if required, recommended changes to the Council for its approval;
- An update on membership of the Audit Panel;
- The significant aspects of the Audit Panel's deliberations for the coming year, together with a proposed work plan; and
- Any other matters deemed, by the Audit Panel as requiring Council's attention.

8 Administrative Arrangements

8.1 Meetings

- The Audit Panel will meet at least four times per year.
- The Audit Panel is to regulate its own proceedings in accordance with this Charter.
- The Chairperson may determine that a meeting is to be held in private.
- The General Manager and Consultant Accountant, or their delegates, are to attend Audit Panel meetings unless the Chairperson determines a meeting is to be held in private.
- The Audit Panel may invite any Councillor and/or employee of the Council and/or representative of the Tasmanian Audit Office to attend meetings of the Audit Panel.
- Meetings shall be held in the Offices of the Council or at the Rose Garden Room, FAEC, Whitemark, or at some other place as determined by the Council. Attendance shall either be in person, by phone or by video conferencing.

8.2 Quorum

A quorum of an Audit Panel meeting is two (2) independent members.

8.3 Work Plan

The Audit Panel is to develop an annual work plan that includes, but is not limited to, a schedule of meetings and the known objectives for each meeting.

All discretionary items referred to the Audit Panel that fall within its remit should be brought before the Audit Panel, so it can determine which items will be prioritised for inclusion in the work plan.

The forward meeting schedule should include the dates, location, and proposed agenda items for each meeting.

8.4 Secretariat

The Council, in consultation with the Audit Panel, will appoint a person to provide secretariat support to the Audit Panel. The secretariat will:

- ensure the agenda for each meeting is approved by the Chairperson;
- ensure the agenda and supporting papers are circulated at least 5 working days before a meeting; and
- ensure the **unconfirmed** minutes of the meetings are prepared and submitted to the **Audit Panel Chair** as soon as practicable after each meeting.

The Audit Panel will hold at least annual discussions with the General Manager in relation to the resources to be made available to the Audit Panel to meet its requisite functions and achieve its objectives.

8.5 Confirmation of Minutes

The Audit Panel will confirm minutes of meetings via the following out-of-session procedure:

- As soon as practicable after a meeting, the secretariat will forward draft unconfirmed minutes to the Chair;
- The Chair will edit and forward the minutes to the secretariat to circulate to all Panel members for any further review and edit;
- Edits to the minutes will be discussed and agreed between Panel members via email to all members and shared with the secretariat;
- Once settled, the minutes will be confirmed via circular resolution to all members and the secretariat;
- The secretariat will ensure the confirmed minutes are included in the next council meeting agenda for Council consideration; and
- At the subsequent Audit Panel meeting, it will be noted that the minutes were confirmed out-of-session via circular resolution.

8.6 Interests

Audit Panel members must declare to the Chairperson any pecuniary or non-pecuniary interests that may affect them carrying out their functions. Details of any pecuniary or non-pecuniary interests declared by members will be appropriately minuted.

Independent members are to consider past employment, consultancy arrangements and related party issues in making these declarations.

At the beginning of each Audit Panel meeting, members are required to declare any potential or actual pecuniary or non-pecuniary interest that may apply to specific matters on the meeting agenda.

Where required by the Chairperson, the member will be excused from the meeting or from the Audit Panel's consideration of the relevant agenda item(s). Details of potential or actual pecuniary or non-pecuniary interests declared by members will be appropriately minuted.

8.7 Induction

The Council will provide new Audit Panel members with relevant information and briefings on their appointment to assist them to meet their Audit Panel responsibilities.

8.8 Remuneration

Independent members of the Audit Panel shall be paid fees as from time to time set by Council.

9 Evaluating Performance

The Audit Panel shall evaluate its performance against the Charter at least once a year.

10 Review of Charter

Council and the Audit Panel will review this charter at least every 3 years or at such time as changes to legislation require and submit its recommended charter to Council for approval.

Approved by Council

Resolution:

DRAFT