

# FLINDERS COUNCIL

## Audit Panel Charter

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## 1 INTRODUCTION

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

This Charter has been developed in cooperation with Local Government Audit Panel Working Group and sets out the Audit Panel's objectives, authority, composition, tenure, functions, reporting and administrative arrangements.

## 2 OBJECTIVE

The objective of the Audit Panel is to:

- assist Council in providing a transparent and independent process to ensure accountability to the community in the governance, management and allocation of resources; and
- review the council's performance under section 85A of the Act and report to the council its conclusions and recommendations.

## 3 DEFINITIONS

- *Audit Panel* – the Flinders Council Audit Panel as stipulated in section 1 of this document.
- *Audit Panel Working Group* – consists of General Managers and Financial Managers representing the Break O'Day, Dorset, Flinders, George Town, Meander Valley and West Tamar councils.
- *Council* – the Flinders Council
- *Financial Manager* – the Manager of Corporate Services of the Flinders Council as appointed from time to time.
- *General Manager* – the General Manager of the Flinders Council as appointed from time to time.
- *Independent person* – a person who is not a councillor or employee of the Flinders Council.
- *Part 7 plan* – a strategic plan, an annual plan, a long term financial management plan or a long term strategic asset management plan of a council prepared under Division 2 of part 7 of the Act.
- *The Act* – the *Local Government Act 1993*.
- *The Order* – the Local Government (Audit Panels) Order 2014 Statutory Rules 2014.

## 4 AUTHORITY

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

- obtain any information it requires from any employee (subject to operational constraints, prior approval of the employee's manager and any legal obligation to protect information);
- obtain any information it requires from any external party (subject to any legal obligation to protect information);
- discuss any matters with the Tasmanian Audit Office, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee at Audit Panel meetings (subject to operational constraints and the prior approval of the employee's manager);
- request the attendance of any members of the council at Audit Panel meetings; and

- obtain legal or other professional advice, as considered necessary to meet its responsibilities (subject to prior approval by the Mayor or General Manager).

The Council will include an allocation in its Annual Plan and Budget Estimates to allow the Panel to conduct reviews in accordance with its annual work plan.

## **5 COMPOSITION**

The Audit Panel comprises a minimum of 3 and a maximum of 5 members appointed by the council, of whom:

- if the panel has 4 or 5 members, at least 2 must be independent persons; or
- if the panel has 3 members, at least 1 must be an independent person.

The council will appoint an independent member as the Chairperson of the Audit Panel.

Council may appoint an alternative member Councillor to attend meetings of the Audit Panel when a member Councillor is unable to attend. The alternative member Councillor may only attend Audit Panel meetings in the capacity of alternative member when and if a member Councillor is unable to attend.

## **6 TENURE**

Initial appointments to the Audit Panel will be as follows. For members appointed in October 2014 the term will be for a period of 2 years and expire in October 2016. If the incumbent resigns prior to the expiry of their term Council will appoint a replacement at the earliest convenient time.

Subsequent appointments to the Audit Panel shall be for a period not exceeding 2 years.

Councillor member terms will be aligned with Council's election cycle with positions to become vacant directly following a Council election.

Independent members shall be appointed for a 2 year term. If the independent member of the Panel resigns Council will appoint a replacement at the earliest convenient time.

Audit Panel members may be re-appointed at the approval of Council and consideration will be given to the benefits of the Audit Panel maintaining some continuation of knowledge and experience.

## **7 QUALIFICATIONS AND SELECTION OF INDEPENDENT MEMBERS**

Independent members of the Audit Panel are to possess:

- Good business acumen
- Sound management skills
- Good communication skills
- Knowledge and expertise in audit practices
- Knowledge and expertise in financial management
- Experience with governance processes including but not limited to risk management.

Knowledge of and skills in government, local government, not for profit organisations and organisations requiring a high degree of legislative compliance and delivery of projects and processes which offer solutions to complex community service obligations will be highly desirable in panel members.

Calls for independent members to apply for a position on the Audit Panel shall be publicly advertised in the first instance. Expressions of interest from Council officers working for other Council's within the region will also be invited.

The selection process for independent members will be determined and undertaken by Council and supported using Council's existing recruitment and selection processes.

## **8 FUNCTIONS**

The functions of the Audit Panel are to consider whether:

- the annual financial statements of the council accurately represent the state of affairs of the council;
- 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 are sound and justified;
- 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 are appropriate;
- whether the council is complying with the provisions of the Act and any other relevant legislation; and
- whether the council has taken any action in relation to previous recommendations provided by the Audit Panel to the council.

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

- corporate governance;
- human resource management, including policies, procedures and enterprise agreements;
- information and communications technology governance;
- management and governance of the use of data, information and knowledge; and
- internal and external reporting requirements.

## **9 RESPONSIBILITIES OF PANEL MEMBERS**

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

- act in the best interests of the council;
- apply sound analytical skills, objectivity and judgment;
- express opinions constructively and openly, raise issues that relate to the Audit Panel's functions and pursue independent lines of enquiry; and
- contribute the time required to review the papers provided.

## **10 REPORTING**

The Audit Panel is to provide a copy of its meeting minutes to the council as soon as practical after every Audit Panel meeting, preferably for the ordinary council meeting following the 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 possible.

## **11 ADMINISTRATIVE ARRANGEMENTS**

### **11.1 MEETINGS**

The Audit Panel will meet at least four times per year.

The Chairperson must seek Council approval prior to holding more than five meetings per year. The Chairperson must seek Council approval to hold additional meetings if asked to do so by at least two members of the Panel.

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 Financial Manager, 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.

### **11.2 QUORUM**

A quorum of an Audit Panel meeting will consist of the majority of members, including at least one independent member.

### **11.3 WORK PLAN**

Prior to 1 July each year (or within 1 month of initial establishment) 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.

The forward meeting schedule should include the dates, location, and proposed agenda items for each meeting for the forthcoming year, and limited to the functions of the Audit Panel outlined in this Charter.

The annual work plan is to identify any additional resource requirements that may be required and must be approved by Council prior to implementation.

### **11.4 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 one week prior to the meeting; and
- ensure the minutes of the meetings are prepared and submitted to the Council as soon as practicable after each meeting.

The Executive Officer or nominee will arrange for any necessary information and technical support to be provided to the Panel to enable its functions.

### **11.5 INTERESTS**

Audit Panel members must declare to the Chairperson any pecuniary or non-pecuniary interests that may affect them carrying out their functions.

Independent members are to consider past employment, consultancy arrangements and related party issues in making these declarations and the Chairperson should be satisfied that there are sufficient processes in place to manage any real or perceived interest.

At the beginning of each Audit Panel meeting, members are required to declare any potential or actual 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 interests declared by members will be appropriately minuted.

#### **11.6 INDUCTION**

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

#### **11.7 PERFORMANCE EVALUATION**

The Audit Panel will undertake an annual performance evaluation of its work and provide a report and any recommendations in relation to the evaluation to Council.

The performance evaluation will review the extent to which the Audit Panel has met its responsibilities under this charter and in accordance with the Act and the order.

Council will review the adequacy of this charter and the evaluation provided by the Audit Panel on an annual basis.

### **12 RENUMERATION**

Independent members of the Audit Panel shall be paid an annual fee and or a sitting fee per meeting attended as approved by Council at the time of appointment.

The Chairperson of the Audit Panel shall be paid an additional annual fee and or a sitting fee per meeting attended as approved by Council at the time of appointment.

If there are more than five meetings approved by Council in a calendar year, sitting fees will be paid.

Fees will be reviewed annually as part of the annual budget estimates approval process.

Council will include independent members of the Audit Panel in its professional indemnity insurance coverage for the services provided to Council.

### **13 REVIEW OF CHARTER**

The current Audit Panel Working Group will reconvene three months prior to October 2016 to assess and review the established Audit Panels and Charter. The outcomes and/or recommendations from this review will be provided to Council for information and/or approval.

Following the initial review of the Audit Panel Working Group Council will review this Charter.

## 14 APPROVAL

*Approved by the Council on DD MMMM YYYY (reference XXXXXXXX)*

Signed: \_\_\_\_\_  
General Manager