

# AUDIT COMMITTEE CHARTER

## 1. PURPOSE

### 1.1 Special Committee of Council

The Audit Committee ('the Committee') is a special committee of Council that acts as an advisory body to the Council and has no executive powers, except those expressly provided by the Council.

### 1.2 Purpose of the Audit Committee

The purpose of the Committee is to provide independent assurance and assistance to Marrickville Council in the effective discharge of its responsibilities for financial reporting, risk management, internal controls, governance and internal and external audit.

### 1.3 Exercise of authority and access

The Council authorises the Committee, within the scope of its role and responsibilities to:

- a) Obtain any information it reasonably requires from the General Manager or external party (subject to legal obligations to protect information);
- b) Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations);
- c) Request, through the General Manager, attendance of any employee or councillor at Committee meetings;
- d) Initiate special investigations in relation to matters set out in this Charter;
- e) Obtain independent professional or legal advice or other professional advice considered necessary to assist in the proper exercise of its responsibilities.

## 2. COMPOSITION

### 2.1 Membership

The Committee will consist of:

#### Members (voting)

- Independent member (Chair)
- Independent member
- Council member – Mayor with Deputy Mayor as the alternate member

#### Attendees (non-voting)

- General Manager (or delegate)
- Director Corporate Services (or delegate)
- Manager Governance & Risk (or delegate)
- SSROC Internal Auditor

- External Auditor
- Other directors, managers and / or staff may attend to address agenda items relevant to their area of responsibility

The independent members shall be appointed for the term of the council. An independent member may be re-appointed for a further term but shall not serve more than two consecutive terms in either the role of Chair or Member. Consideration may be given to a part term extension to enable independent members to have overlapping terms.

## 2.2 Expertise

In appointing members to the Committee, the Council will have regard to the following:

- a) at least one member shall have accounting or related financial management expertise and experience, with understanding of accounting and auditing standards in a public sector environment; and
- b) the members, taken collectively shall have a broad range of skills and experience relevant to Local Government and the operations of Marrickville Council.

## 2.3 Skills development

Committee Members will receive relevant information and briefings to assist them meet their Committee responsibilities. A member of the Committee may, with the approval of the General Manager, attend appropriate seminars or training in respect to issues related to the functions and responsibilities of the Committee.

## 2.4 Chairperson

One (1) of the independent external members shall be the Chairperson (Chair).

## 2.5 Secretariat

Council's Manager Governance & Risk shall provide secretariat support to the Committee.

# 3. ROLE AND RESPONSIBILITIES

In carrying out its responsibilities, the Committee recognises that primary responsibility for management of Council rests with the Council and the General Manager as defined by the Local Government Act.

The Committee's responsibilities are:

## 3.1 External Accountability

The Committee must promote an environment at Council that is consistent with best practice financial reporting and governance standards and appropriately reflects the financial status of Council to the community and wider public. In particular, the Committee shall:

- a) satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and are supported by appropriate management sign-off on the statements and the adequacy of internal controls;

- b) review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- c) consider contentious financial reporting matters in conjunction with council's management and external auditors;
- d) review the processes in place designed to ensure financial information included in the Annual Report is consistent with the signed financial statements;
- e) satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations;
- f) satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

### **3.2 Internal Audit**

The Committee will review and assess key areas relating to the internal audit of the Council. In particular the Committee will:

- a) act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit;
- b) review and assess the scope and coverage of the internal audit plan, work program and resources. Consider the adequacy of internal audit resources to carry out its responsibilities including completion of the approved Annual Internal Audit Plan;
- c) review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices;
- d) review and monitor the implementation of internal audit recommendations by management;
- e) review the Internal Audit Charter annually to ensure appropriate organisational structures, authority, access and reporting arrangements are in place; and
- f) periodically review the performance of Internal Audit.

### **3.3 External Audit**

The Committee will review and assess key areas relating to the external audit of the Council. In particular, the Committee will:

- a) act as a forum for communication between the Council, General Manager, senior management, internal and external audit;
- b) provide input and feedback on the financial statements and audit coverage proposed by external audit, and provide feedback on the external audit services provided;
- c) review all external plans and reports in respect of planned and completed external audits and monitor the implementation of audit recommendations by management;
- d) consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.

### **3.4 Legislative Compliance**

The Committee will:

- a) monitor changes of significance in relation to the various legislation, regulations, accounting policies, and regulatory and reporting requirements that apply to Council;
- b) review and consider the effectiveness of the system for monitoring and ensuring compliance with relevant laws, regulations and associated government policies.

### **3.5 Risk Management**

The Committee will oversee the implementation and review of risk management throughout Council, as follows:

- a) review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud;
- b) review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- c) review the impact of the risk management framework on its control environment and insurance arrangements; and
- d) review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

### **3.6 Control Framework**

The Committee will oversee the implementation and review of compliance and related internal control systems throughout Council, as follows:

- a) review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- b) review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
- c) progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- d) review whether appropriate policies and procedures are in place for the management and exercise of delegations; and
- e) review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

### **3.7 Insurance Program**

The Committee will satisfy itself of the adequacy of Council's insurance program.

## **4. MEETINGS**

### **4.1 Meetings**

- a) The Committee will meet regularly at the times determined by the Committee, but no less than three (3) times per year, with one of these meetings to include review

- and endorsement of the annual audited financial reports and external audit opinion.
- b) A forward meeting plan, including meeting dates and agenda items will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Audit Committee Charter.
  - c) A member of the Committee may request that a meeting of the Committee be convened at any other time and the General Manager shall liaise with the Chair in facilitating such a meeting.
  - d) The internal or external auditor may request that a meeting of the Committee be convened and the General Manager shall liaise with the Chair in facilitating such a meeting.

#### **4.2 Quorum**

A majority of members, present in person or by using any technology, constitute a quorum.

#### **4.3 Secretariat**

The Secretariat will ensure:

- a) the agenda and supporting papers for each meeting are circulated at least one week prior to the meeting;
- b) the minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within two weeks of the meeting being held;
- c) minutes of meetings shall be confirmed at the next meeting of the Committee.

#### **4.4 Conflicts of Interest**

- a) All Committee members shall make an annual declaration of interests.
- b) Committee members shall declare any conflicts of interests at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interests should be appropriately minuted.

### **5. REPORTING**

- a) At each Committee Meeting, Internal Audit will provide a performance update of the approved Internal Audit Plan of work for the financial year showing the current status of each audit.
- b) At the first Committee meeting after 30 June each year, Internal Audit will provide a performance report of the performance of Internal Audit for the financial year as measured against agreed performance indicators.
- c) At the first Committee meeting after 30 June each year, the annual audited financial statements and reports and external auditor's opinion and reports shall be reviewed and presented for endorsement by the Committee.
- d) The Committee may, at any time consider any other matter it deems of sufficient importance to do so.

The Committee will provide:

- copies of its minutes to the Council;
- a report annually to the Council on the trends / issues that have arisen in the Committee's work over the previous 12 months; and
- such additional reporting as Council may require.

## **6. COMMITTEE REVIEW**

- a) The Committee shall review the scope and effectiveness of its activities and performance at least once every two years.
- b) The Audit Committee shall review the Audit Committee Charter at least once every year.
- c) Amendment of this Charter is subject to the approval of the Council, after review by the Audit Committee and Executive Leadership Team.