

# Audit Panel Charter

February 2019

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## 1 BACKGROUND

The Audit Panel is an independent advisory Committee to the Council. The Audit Panel Charter has been established in compliance with Part 8 of Division 4 of the *Local Government Act 1993* (the Act) and the *Local Government (Audit Panels) Order 2014*.

This Charter sets out the Audit Panel's objective, authority, composition, tenure, functions, responsibilities, reporting and administrative arrangements.

The Council wishes to have a shared arrangement with Devonport City Council for the establishment of the Audit Panel and the conduct of meetings where there are matters of mutual interest.

## 2 OBJECTIVE

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

## 3 AUTHORITY

The Audit Panel does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility.

The Audit Panel does not have any management functions and is therefore independent of management.

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

- . obtain any information it requires from any employee or 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, including members of the Council, at Audit Panel meetings; and
- . obtain legal or other professional advice, as considered necessary to meet its responsibilities provided the cost of such advice is within the budget granted to the Audit Panel.

## 4 COMPOSITION AND TENURE

The Audit Panel of each Council comprises two elected members and two independent members. The independent members are appointed jointly by both Councils to be shared between each Council's Audit Panel.

One of the independent members will be appointed as the Chair of the Audit Panel.

Audit Panel members are appointed by Council for a period of four years coinciding with Council elections.

Audit Panel members, other than independent members, may be reappointed at the approval of the Council. Independent members need the approval of both Councils to be reappointed.

In appointing an independent member of the Audit Panel, the Councils are to ensure that the person possesses good business acumen and sound management and communication skills. The Councils may also take into account other skills such as knowledge of financial management and audit practice, governance processes, risk management and relevant industry knowledge.

Should an independent member of the Panel wish to resign, written notice is to be addressed to the General Manager of both Councils.

Should the Panel feel that one of their members is not performing to a satisfactory level or is not meeting expectations of their appointment, in the first instance the Chair will address concerns with the individual concerned. If the matter remains unresolved, the General Managers are to be informed. The Councils, after consultation with each other, may, by resolution, end the term of the Chair and/or an independent member at any time.

## 5 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;
- . the Council is complying with the provisions of the Act and any other relevant legislation;
- . all strategic and business risks affecting the Council are identified and assessed, and the effectiveness of mitigation controls evaluated; and
- . 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.

## 6 RESPONSIBILITIES OF PANEL MEMBERS

Members of the Audit Panel are expected to understand and observe the legal requirements of the Act and *Local Government (Audit Panels) Order 2014*. 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.

## 7 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.

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.

## 8 ADMINISTRATIVE ARRANGEMENTS

### *8.1 Meetings*

- . The Audit Panel will meet at least four times per year on a shared arrangement basis with Devonport City Council.
- . The shared arrangement will provide for meetings to alternate between Central Coast Council and Devonport City Council.
- . Each Council may have a meeting with the Chairperson of the Audit Panel at any time. The Audit Panel is to regulate its own proceedings in accordance with this Charter.
- . The Chair may determine that a meeting is to be held in private.

- . The Chair may call additional meetings if required to by the Council or by at least two other members of the Audit Panel.
- . The General Manager and the Director Organisational Services, and/or their delegates, are to attend Audit Panel meetings unless the Chair 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 of the committee are closed to the public. Minutes of meetings are to be kept.

#### *8.2 Quorum*

- . A quorum of an Audit Panel meeting is majority of members, including an independent member.

#### *8.3 Work Plan*

- . The Audit Panel is to develop an annual work plan each year that includes, but is not limited to, a schedule of meetings and the known objectives for each meeting.
- . The plan is to be reviewed annually to ensure the Audit Panel effectively discharges its responsibilities.
- . The forward meeting schedule should include the dates, location, and proposed agenda items for each meeting for the forthcoming year, and cover all the functions of the Audit Panel outlined in this Charter.

#### *8.4 Secretariat*

Each 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 Chair;
- . 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.

#### *8.5 Conflict of Interests*

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

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

#### *8.6 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.

#### *8.7 Remuneration*

The independent members of the Audit Panel shall be paid a sitting fee of \$600 for each meeting attended. The Chair of the Audit Panel shall be paid a fee of \$1,250 per meeting. These fees shall be divided equally between the Central Coast Council and Devonport City Council.

### **9 PERFORMANCE EVALUATION**

The Chair will evaluate the performance of the Audit Panel, both of the individual members and collectively, on an annual basis with the appropriate input from relevant stakeholder as determined by the Chair. This will be reported to the Council on an annual basis.

### **10 REVIEW OF AUDIT PANEL CHARTER**

The Audit Panel will review the Audit Panel Charter bi-annually and recommend any changes to the Council for approval.

The next review date will be: *December 2020*