

Logan City Council

Audit and Risk Committee Charter

Document Control

| | | | |
|-------|-----------|--------------|----------|
| File: | 1140042-1 | Document Id: | 13229396 |
|-------|-----------|--------------|----------|

Amendment History

| Version Number | Description of Change | Author / Branch | Date: |
|----------------|-----------------------|----------------------|---------------|
| 1.0 | Creation | Corporate Governance | December 2019 |
| 2.0 | Annual Review | Corporate Governance | March 2022 |
| | | | |

Table of Contents

- 1. Introduction 1
- 2. Purpose 1
- 3. Establishment of Audit and Risk Committee 1
- 4. Role of Audit and Risk Committee 1
- 5. Authority 1
- 6. Independence and Resourcing 2
- 7. Composition and Meetings..... 2
- 8. Responsibilities and reporting 4
- 9. Evaluation, review and amendment..... 6
- 10. Definitions..... 6

1. Introduction

The *Local Government Act 2009* requires that each large local government must establish an audit committee.

2. Purpose

This Audit and Risk Committee Charter (**Charter**) sets out the objective, role, authority, membership, tenure, reporting and other requirements that apply to and govern the Audit and Risk Committee of the Logan City Council (**Committee**), in accordance with the *Local Government Act 2009* and the *Local Government Regulation 2012*.

3. Establishment of Audit and Risk Committee

3.1 The Committee:

- (a) is established:
 - (i) to satisfy the requirement under the *Local Government Act 2009* that each large local government must have an audit committee;
 - (ii) as an advisory committee in accordance with the *Local Government Regulation 2012*; and
- (b) is governed by the requirements for audit committees set out in the *Local Government Act 2009* and the *Local Government Regulation 2012*.

4. Role of Audit and Risk Committee

4.1 The *Local Government Act 2009* requires audit committees to:

- (a) monitor and review:
 - (i) the integrity of financial documents;
 - (ii) the internal audit function;
 - (iii) the effectiveness and objectivity of the local government's internal auditors; and
- (b) make recommendations to the local government about any matters that the Committee considers need action or improvement

4.2 Council's Audit and Risk Committee has the additional role of assisting the local government and the Chief Executive Officer to discharge their responsibilities by:

- (a) Monitoring and review the risk management function and internal control systems; and
- (b) Providing an independent and objective forum to promote transparency, accountability and ethical behaviour and culture.

5. Authority

5.1 The Committee has authority to make recommendations to the local government, via the relevant standing committee, on matters within its scope of responsibility as outlined in this charter.

5.2 The Committee:

- (a) is an advisory committee only;
- (b) has no executive powers, delegated responsibility or management responsibilities in respect of the Logan City Council;

- (c) in performing its monitoring, oversight, review and advisory role in accordance with this Charter, is authorised to:
 - (i) conduct or authorise investigations into matters within its scope of responsibility;
 - (ii) access information, records and Logan City Council employees for such purpose and subject to the Staff Interaction Policy and Acceptable Request Guidelines;
 - (iii) request the attendance of any Logan City Council employee, including executive staff, at committee meetings;
 - (iv) conduct meetings with Logan City Council's internal and external auditors, as necessary; and
 - (v) seek advice from external parties, as necessary.

6. Independence and Resourcing

6.1 The Committee:

- (a) is independent from Logan City Council's management, but must liaise closely with management and internal and external auditors to carry out its responsibilities; and
- (b) will receive the full support of Logan City Council and the full co-operation, involvement and support of senior management.

6.2 The Committee is administratively supported by the Corporate Governance Branch.

7. Composition and Meetings

7.1 Committee Composition

- (a) The Committee must consist of at least three (3) and no more than six (6) members, including:
 - (i) no more than two councillors (**Councillor Members**); and
 - (ii) up to four persons who:
 - A. are independent from and external to Logan City Council; and
 - B. meet the minimum selection criteria set out in section 7.3(b) of this charter (**External Members**); and
 - (iii) at least one member with significant experience and skills in financial matters.
- (b) To ensure the independence of the Committee, the composition of the Committee will endeavour, wherever possible, to have a majority of independent members.
- (c) The following persons may attend Committee meetings as observers, if invited by the Committee:
 - (i) a representative of Logan City Council's external auditors;
 - (ii) a representative of Logan City Council's internal auditors;
 - (iii) the Chief Executive Officer;
 - (iv) the Director of Organisational Services; and
 - (v) other Council officers as relevant.
- (d) For the avoidance of doubt, observers at a Committee meeting are not members of the committee.

7.2 Appointment, tenure and remuneration of Councillor Members

- (a) The local government may, by resolution, appoint the Councillor Members in accordance with this section 7.2 of this charter.
- (b) The local government must appoint the Councillor Members:
 - (i) generally, at the commencement of the local government term for the full Council term; or
 - (ii) if there is a vacancy during the local government term, as soon as practicable after the vacancy occurs, for the remainder of the local government term.
- (c) Councillor Members are not entitled to remuneration on the basis that they are being remunerated in their capacity as a councillor.

7.3 Appointment, tenure and remuneration of External Members

- (a) The Committee may appoint the External Members in accordance with this section 7.3 of this charter.
- (b) The Committee may only appoint a person as an External Member if they meet the following minimum selection criteria:
 - (i) demonstrated knowledge in one of more of the following areas - cybersecurity, fraud, risk management, financial management, corporate governance or audit;
 - (ii) demonstrated knowledge of legislative, regulatory and industry standards applying to government agencies and/or large business enterprises and a high level of understanding of best practice internal controls, risk management and corporate governance;
 - (iii) understand complex issues and the importance of transparency, accountability and probity in a public authority;
 - (iv) experience in working in a large organisation at a senior level with demonstrated strong business acumen; and
 - (v) have strong ethical values, sense of integrity, the ability to inquire and give direct and honest opinions to promote best practice.
- (c) Where practicable, the Committee should seek to appoint External Members:
 - (i) for a term of 2 to 4 years; and
 - (ii) on a staggered basis, to ensure continuity and succession planning.
- (d) External Members are entitled to be remunerated by Logan City Council on a per Committee meeting basis, as follows:
 - (i) for the External Member who is the Chairperson, \$2,000 (ex GST);
 - (ii) for the External Member who is the Deputy Chairperson, \$1,750 (ex GST);
 - (iii) for all other External Members, \$1,500 (ex GST);or such other amount determined by the resolution of the local government.
- (e) The per Committee meeting remuneration amounts are compensation for both preparation and attendance at meetings of the Committee by the External Members and other ancillary meetings.
- (f) Logan City Council must set out the terms and conditions for appointment of External Members in a letter of appointment issued to the External Member.

7.4 Removal of members

The Committee may remove any Member and appoint a replacement Member in accordance with sections 7.2 and 7.3 of this charter (as applicable).

7.5 Appointment of Chairperson

- (a) The Committee must appoint an External Member for each the following Committee roles:
 - (i) Chairperson; and
 - (ii) Deputy Chairperson.
- (b) The Chairperson must preside at each meeting of the Committee.
- (c) If the appointed Chairperson is absent or unable to preside, the Deputy Chairperson must preside.
- (d) If both the appointed Chairperson and Deputy Chairperson are absent or unavailable to preside, a Member chosen by the Members present at the meeting must preside.

7.6 Committee Meetings

- (a) The *Local Government Regulation 2012* requires audit committees to meet at least twice each financial year.
- (b) For Logan City Council, the Committee usually meets at least four times each financial year.
- (c) Unless otherwise stated in this Charter, the provisions of the Local Government and Committee Meeting Code apply to the Committee.
- (d) To the extent of any inconsistency between:
 - (i) this Committee Charter; and
 - (ii) the Local Government and Committee Meeting Code,this Charter prevails.

7.7 Quorum

A quorum is at least half the number of members of the Committee and either:

- (a) the Chairperson has the casting vote; or
- (b) the Deputy chairperson has the casting vote in the absence of the chairperson.

8. Responsibilities and reporting

8.1 Responsibilities

The Committee is directly responsible and accountable to the local government for the exercise of its monitoring, oversight and advisory role. The Committee must undertake the following activities in discharge of its roles and responsibilities:

- (a) Internal Audit
 - (i) Assist Logan City Council's management and internal audit providers with the development, monitoring and review of the internal audit plan;
 - (ii) Monitor and review the internal audit progress report, including the recommendations in the report and the actions to which the recommendations relate;
 - (iii) Review the effective and efficient operation of the internal audit functions.

- (b) External Audit
 - (i) Review the auditor-general's audit report and auditor-general's observation report about the local government's financial statements for the preceding financial year;
 - (ii) Review the effective and efficient operation of the external audit function.
- (c) Financial Management

Providing an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process prior to the statements being certified and given to the auditor-general.
- (d) Coronial Reports

Monitor the implementation of recommendations received from the State Coroner.
- (e) Risk and Compliance Management
 - (i) Monitor whether management has in place a current and comprehensive enterprise risk management and compliance framework and associated procedures for effective identification, assessment, management and reporting of strategic, operational and financial risks.
 - (ii) Monitor whether management has in place a current and comprehensive internal control framework governing compliance and policy management which effectively prescribes policy position, key corporate compliance requirements and a reporting framework.
 - (iii) Determine whether a sound and effective approach has been followed in establishing business continuity planning and disaster management arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.
 - (iv) Monitor whether management has in place a current cyber security control strategy.
- (f) Fraud and Complaints

Oversight of fraud and complaints management as reported by Council.
- (g) Continuous Improvement

Consider opportunities which have been identified to improve the efficiency and effectiveness of the Council's operations.
- (h) Legislative requirements

Monitor and review Logan City Council's legislative compliance framework.

8.2 Reporting

As soon as practicable after each Committee meeting, the Committee must submit a written report to the local government about:

- (a) the matters reviewed at the Committee meeting; and
- (b) the Committee's recommendations about the matters.

9. Evaluation, review and amendment

9.1 Evaluation of Committee Activities

- (a) The Committee must undertake an annual self-assessment of its performance for the previous twelve months prior to the end of each calendar year.
- (b) The Committee will provide a report of the annual review outcomes to the local government.
- (c) At least once every 3 years, the Committee will arrange for a formal self-assessment of its operations and activities.
- (d) The Chairperson 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 the training needs of the Member.

9.2 Review of this Charter

- (a) The Committee must review this Charter biennially to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- (b) If the Committee determines that amendments to this Charter are required, the Committee must submit a report to the local government seeking amendment.

9.3 Amendments to this Charter

This Charter may only be amended by a resolution of the local government.

10. Definitions

In this Charter, unless the context otherwise requires:

| | |
|---|--|
| Advisory Committee | means a committee appointed by Logan City Council in accordance with the <i>Local Government Regulation 2012</i> . |
| Audit and Risk Committee | means the audit and risk committee of the Logan City Council established in accordance with of <i>Local Government Act 2009</i> . |
| Chairperson | means the person appointed as chairperson of the Audit and Risk Committee in accordance with this Charter. |
| Charter | means this document. |
| Councillor | has the meaning given in the <i>Local Government Act 2009</i> . |
| Councillor Member | has the meaning given in this Charter. |
| Deputy Chairperson | means the person appointed as deputy chairperson of the Audit and Risk Committee in accordance with this Charter. |
| External Audit | the external audit function conducted by the Auditor-General and the Queensland Audit Office in accordance the <i>Local Government Regulation 2012</i> . |
| External Member | has the meaning given in this Charter. |
| Internal Audit | means the internal audit function established by Council in accordance with the <i>Local Government Act 2009</i> . |
| Local Government Act | means the <i>Local Government Act 2009</i> . |
| Local Government Regulation | means the <i>Local Government Regulation 2012</i> . |
| Local Government and Committee Meeting | means the document titled "Local Government and Committee Meeting Code " adopted by the local government. |
| Member | means an External Member or a Councillor Member. |