

## **AUDIT COMMITTEE CHARTER**

### ***PURPOSE***

The Audit Committee is an advisory committee of Council established in accordance with s.139 (2) of the Local Government Act 1989.

In accordance with good governance practice, Council has constituted an Audit Committee to facilitate:

- Enhancement of Council's external financial reporting
- Effectiveness of both the external and internal audit functions
- Effective management and protection of Council assets
- Compliance with relevant laws and regulations and consideration of best practice guidelines
- Provision of an effective means of communication between the external auditor, internal auditor, management and the Council.

Council has authorised the Audit Committee to:

- Confirm the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit activity.
- Review and approve the annual internal audit plan and recommended any changes to the plan.
- Conduct enquiries or authorise investigations into any matters within its scope of responsibility or as otherwise referred by Council.
- Subject to consultation with and approval of the Chief Executive Officer (CEO), retain independent counsel, accountants, or others to advise the Audit Committee or assist in the conduct of an investigation.
- Seek any information it requires from Council, council staff (including senior management) and external parties.
- Meet with the CEO, council staff, internal and external auditors, or other parties, as necessary.

### ***COMPOSITION***

- The Audit Committee will consist of four Independent Members and one Administrator/Councillor.
- The Council will appoint Audit Committee members and the Audit Committee Chair.
- A quorum shall comprise two Independent Members and one Administrator/Councillor.

- Audit Committee members will be appointed for a term of not less than one (1) year and not more than three (3) years by negotiation and agreement.
- The maximum number of terms for each independent member will be three (3)
- The Chair of the Audit Committee must be an Independent Member.
- Each Audit Committee member must be financially literate, and at least one member must have financial expertise.
- The CEO and Administrators may attend meetings in an “ex officio” capacity.

### ***PAYMENT TO AUDIT COMMITTEE MEMBERS***

Section 139 (7) Local Government Act allows for the payment of a fee to a member of the Audit Committee who is not a Councillor or member of Council staff. Brimbank City Council will pay a sitting fee to the Chair and Independent Members of the Audit Committee. This fee will be reviewed as part of Council’s annual budget process.

### ***MEETINGS***

- The Audit Committee will meet at least four times a year, with the ability to convene additional meetings, as circumstances require.
- All Audit Committee members are expected to attend each meeting, in person or through teleconference.
- The Audit Committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.
- The Audit Committee may hold private meetings with auditors, if required.
- Meeting agendas and related papers will be prepared and provided to members, seven (7) days in advance of meetings (wherever possible).
- Minutes of meetings will be kept and action items recorded and monitored.

### ***RESPONSIBILITIES***

The responsibilities of the Audit Committee are as follows:

#### ***External reporting***

- Review the annual financial report, and consider whether it is complete, open and transparent, consistent with information known to Audit Committee members, and reflects appropriate accounting principles.
- Review other sections of the annual report, and any related regulatory filings before release and consider the accuracy and completeness of the information.

#### ***External audit***

- Confirm the external auditor’s proposed audit scope and approach, including coordination of audit effort with internal audit activity.
- Monitor and review recommendations arising out of external audit reports.

- Monitor and critique management's response to the external auditor's findings and recommendations and their implementation.
- Review the performance of the external auditor.
- If considered necessary meet with the external auditor to discuss any matters that the Audit Committee or the external auditor believes should be discussed privately.

#### ***Internal audit***

- Make recommendations to Council on the appropriate method for the provision of the internal audit function.
- Monitor processes and practices to ensure that the independence of the audit function is maintained.
- Review and approve the annual internal audit plan and any recommended changes to the plan.
- Monitor the progress of the internal audit plan.
- Monitor and review recommendations arising out of internal audit reports and their implementation.
- Review the performance of the internal audit service provider annually.
- Review the effectiveness of the internal audit function, including compliance with relevant auditing standards.
- Ensure that the annual internal audit plan complements Council's Risk Management Framework.
- If considered necessary meet with the internal audit service provider to discuss any matters that the Audit Committee or the internal auditor believes need to be discussed privately.

#### ***Internal control***

- Consider the effectiveness of the Council's internal control systems, with emphasis on information technology security and controls.
- Consider the internal and external auditors' review of internal controls over financial accounting and reporting, and obtain reports on significant findings and recommendations, together with management's responses.

#### ***Compliance***

- Review the effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any associated auditor (internal or external) observations.
- Obtain regular updates from management on legal and regulatory compliance matters.
- Consider the findings and recommendations of any relevant Performance Audits undertaken by the Victorian Auditor-General or other regulatory body and to ensure the Council implements relevant recommendations.

## ***Risk Management***

Brimbank City Council has established a Risk Committee to oversee the implementation of Council's Risk Framework.

## ***REPORTING RESPONSIBILITIES***

The Audit Committee will:

- Report regularly to Council providing a summary of the Audit Committee's work and results, as soon as possible following each Audit Committee meeting.
- Provide to Council any recommendations of the Audit Committee.
- Report annually to stakeholders via Council's Annual Report, describing the Audit Committee's composition, discharge of responsibilities, and any other information required by legislation or regulation.
- Report to Council on any specific issues as requested by Council.

## ***PUBLICLY AVAILABLE INFORMATION***

Information regarding the Audit Committee will be made publicly available via:

### ***Annual Report***

The Annual Report should include information on the Audit Committee's roles and responsibilities, organisation and membership, and its principal activities during the year.

The following material should be included in the corporate governance section of the annual report:

- details of the names and qualifications of those appointed to the Audit Committee
- the number of meetings held by the Audit Committee and the attendance record of members
- information about the audit processes and the results of work completed by the internal and external auditor
- the annual review of the Audit Committee's charter and its achievement of the charter
- other matters the Audit Committee believes need to be reported.

### ***Website***

The following information should be made publicly available on the Brimbank City Council website in a clearly marked corporate governance section:

- the Audit Committee charter
- description of the roles and responsibilities of the Audit Committee
- information on procedures for the selection and appointment of the internal auditor
- names of Audit Committee members, professional background and qualifications.

## ***ANNUAL REVIEW***

*The Audit Committee will:*

- Annually review and assess the adequacy of the Audit Committee charter, requesting Council approval for proposed enhancement or updates required by legislation or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Audit Committee's and individual members' performance regularly