

Burnie City Council



Revised Schedule of
Delegation of Authority
and
Operating Procedures
to
**Burnie City Council
Audit Committee**

Document Management

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Pursuant to Section 24 of the *Local Government Act 1993* (as amended) the Burnie City Council hereby establishes a Special Committee as detailed in Schedule 1 and 2 below.

Schedule 1

1. Name of Special Committee

The name of the Special Committee shall be the:-

Burnie City Council Audit Committee

Schedule 2

1. Objectives of the Committee

- 1.1. The objective of the Committee is to assist Council by providing independent assurance and assistance on risk management, governance, management controls, and statutory external responsibility matters.

2. Authority

- 2.1. The Council authorises the Committee within the scope of its role and responsibilities to:
 - 2.1.1. Obtain information it needs from any employee or external party (subject to their legal obligations to protect information);
 - 2.1.2. Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations);
 - 2.1.3. Request the attendance of any employee or elected member at Committee meetings;
 - 2.1.4. Obtain external legal or other professional advice considered necessary to meet its obligations.

3. The Committee Structure

- 3.1. The Committee shall consist of five members, being two Aldermen and three independent members.
- 3.2. An independent member of the Committee shall be appointed by Council as Chairperson of the Committee.

4. Terms of the Committee Appointments

- 4.1. The two alderman positions on the Committee will become vacant every four years directly following the Council election, and subsequent appointments shall be for a period of four years to the following election. If an Alderman of the Committee resigns prior to the election the Council will appoint a replacement at the earliest convenient time.

- 4.2. The three independent positions on the Committee shall be appointed for a fixed term of not less than one year and not more than four years and may be reappointed.
- 4.3. The Mayor, following consultation with Council, has the power to end the term of the Chairperson or Independent Member.
- 4.4. A person who is an employee or General Manager or Mayor of a council is not entitled to be an independent member.

5. Qualifications and Selection of Independent Members

- 5.1. The independent members are to possess strong business acumen and sound management and communication skills..
- 5.2. Calls for independent members to apply for a position on the Committee shall be publicly advertised.
- 5.3. The selection process for independent members will be determined and undertaken by the two appointed Aldermen members and the Mayor.

6. Meetings of the Committee

- 6.1. The Committee will meet at least four times per year.
- 6.2. The Committee is to develop a program of meetings and provide to Council on an annual basis.
- 6.3. The Chairperson is able to call additional meetings and is required to, if asked to do so by Council or at least two other members of the Audit Committee.
- 6.4. A quorum will consist of a majority of members (3 members).
- 6.5. Elected members of Burnie City Council are to be invited to each meeting of the Audit Committee.
- 6.6. The public will not be invited to attend meetings of the Audit Committee.
- 6.7. The two Aldermen positions may be represented by a nominated proxy. The nomination is to be made and the Chairman is to be advised in a reasonable timeframe prior to the meeting. The proxy must be an elected member of the Burnie City Council. It is the responsibility of the Aldermen to contact and ensure the proxy is available to attend the meeting in their absence.

7. Ex-Officio Members

- 7.1. The General Manager and Executive Manager Corporate Finance are ex officio members of the Committee and required to be in attendance unless excused by the Chairperson.
- 7.2. Ex officio members are not entitled to vote at Committee meetings.

8. Functions of the Committee

8.1. Risk Management

- 8.1.1. To review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of Council's financial, business and environmental risks, including fraud; and
- 8.1.2. Monitor the organisational performance in managing the risks identified in the strategic risk register.

8.2. Internal Audit

- 8.2.1. Act as a forum for communication between the council and senior management;
- 8.2.2. Investigates the merits of Council engaging an internal auditor;
- 8.2.3. Oversee the coordination of audit programs conducted by the finance department and external audit functions;
- 8.2.4. Provide advice to Council on actions taken on significant issues identified in audit reports and better practice guidelines; and
- 8.2.5. If considered necessary to engage internal auditors recommend to Council the appointment of the internal audit services contract.

8.3. External Audit

- 8.3.1. Act as a forum for communication between the Council, senior management and external auditor;
- 8.3.2. Provide input and feedback on the financial statement and performance audit coverage proposed by external audit and provide feedback on the audit services provided;
- 8.3.3. Review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations; and
- 8.3.4. Provide advice to Council on action taken on significant issues raised in relevant external audit reports and better practice guides.

8.4. Review of Plans

- 8.4.1. The Committee is to review Council's performance in relation to:
 - (a) the council's financial system, financial governance arrangements and financial management; and
 - (b) all plans of the council under Division 2, Part 7 of the Local Government Act (strategic plan, an annual plan, a long-term strategic asset management plan) prepared by Council; and
 - (c) all policies, systems and controls the council has in place to safeguard its long-term financial position; and

(d) any other matter specified in an order under section 85B as matters that an audit panel is to consider in such a review.

8.4.2. In a review relevant to Council's performance the Committee is to consider:

(a) whether the annual financial statements of the Council accurately represent the state of affairs of the Council;

(b) whether and how plans are integrated and the process by which those plans were prepared;

(c) the accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that Council has in relation to safeguarding its long term financial position;

(d) whether the Council is complying with the provisions of the Act and any other relevant legislation;

(e) whether the Council has taken any action in relation to previous recommendations provided by the Audit Committee to the Council and, if it has so taken action, what that action was and its effectiveness.

8.5. Controlled Entities

8.5.1. Satisfy itself that the financial statements for the controlled entities are supported by appropriate management and audit sign-off;

8.5.2. Review the annual and quarterly reports of the controlled entities for compliance with the *Local Government Act 1993* and any governance arrangements put in place by Council.

9. Remuneration

9.1. Each independent member of the Committee is to be paid a sitting fee of \$400 per sitting.

9.2. The Chairperson will be paid an additional fee of \$2,000 per annum.

9.3. Fees will increase in line with CPI (Hobart March Quarter Annual Figure) on 1 July each year.

9.4. If there are more than five meetings in a calendar year, sitting fees will be at the discretion of the Council.

9.5. The Council will include independent members of the Audit Committee in its professional indemnity insurance coverage for the services they provide to the Council.

9.6. The Council will include an allocation in its Annual Plan and Budget Estimate to allow the Committee to conduct investigations as deemed necessary and important.

10. Reporting Requirements

- 10.1. The Committee shall within ten days of a meeting provide a copy to the Mayor to allow inclusion in the next ordinary meeting of the Council a copy of the minutes and a report from the Chairperson explaining any specific recommendations and key outcomes.
- 10.2. The Committee is to develop an annual work plan that includes the known objectives for each scheduled meeting and provide to Council by 1 July each year.

11. Secretariat and Technical Support

- 11.1. The Council will provide the Committee with the necessary secretariat support to allow the Committee to function effectively.
- 11.2. The Executive Manager Corporate Finance will be available to provide information for the Committee.

12. Confidentiality

- 12.1. Aldermen, council staff and members of the Committee must comply with the applicable provisions of Council's Code of Conduct in carrying out the functions as Council officials. It is the personal responsibility of Committee members to comply with the standards in the Code of Conduct and regularly review their personal circumstances with this in mind.
- 12.2. Independent Committee members must complete form FO-OGM-HR-21 – Confidentiality Undertaking upon appointment. Aldermen and council staff are bound by the same agreement which will have been completed upon their respective appointments. All Aldermen, staff and members are bound by the terms stated in the Undertaking.
- 12.3. Once distributed, Committee papers including but not limited to Agendas and Minutes and the confidentiality of such documents (including the disposal process) are the personal responsibility of the members.

13. Conflict of Interest

- 13.1. Aldermen, council staff and members of the Committee must comply with the applicable provisions of Council's Code of Conduct in carrying out the functions as Council Officials. It is the personal responsibility of Committee members to comply with the standards in the Code of Conduct and regularly review their personal circumstances with this in mind.
- 13.2. Committee members must declare any conflict of interests at the start of each meeting or before discussion of a relevant agenda item or topic. The declaration should be made using Council Form FO-CBS-SG-019 – Declaration of Interest by Special Committee Members and submitted to the Council Governance Officer. Details of any conflicts of interest should be appropriately minuted.

13.3. Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may arise. The final arbiter of such a decision is the Chair of the Committee.

14. Alteration to Delegation and Rules of Procedure

14.1. The Committee is to conduct a review of the terms of reference contained in this document providing Council with a recommendation for any changes, in the first instance after twelve months of operation, with subsequent reviews to be held every four years.

14.2. This delegation and rules of procedure may be amended at any time by Council.

15. Definitions

15.1. 'Committee' means the Burnie City Council Audit Committee as stipulated in Schedule 1 of this document.

15.2. 'Council' means the Burnie City Council.

15.3. 'General Manager' means the General Manager of the Burnie City Council as appointed from time to time.