
Audit and Risk Committee Charter



August 2020



Northern Grampians Shire Council
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Purpose

The Audit and Risk Committee (the Committee) is an independent advisory committee to Council, established to assist in the effective conduct of Council's responsibilities for good governance, the management of risk, financial reporting and maintenance of reliable systems and internal controls in order to facilitate the achievement of its organisational objectives in an efficient, effective and ethical manner.

The Charter sets out the appropriate authority, composition, meeting requirements and responsibilities of the Committee to ensure good practice and compliance with the requirements of the *Local Government Act 2020*, and is supported by the Committee's Guidelines.

Authority

The Committee has the responsibility to:

- Monitor the compliance of Council policies and procedures with the overarching governance principles, the *Local Government Act 2020* and any Ministerial directions.
- Monitor Council's financial and performance reporting.
- Monitor and provide advice on risk management and fraud prevention systems and controls.
- Oversee internal and external audit functions.

Composition

- The Committee will consist of at least three members, the majority of whom must be independent of Council.
- The Committee must include members who are Councillors of the Council.
- Members of Council staff must not be committee members.
- The Council will appoint the Committee members and the chairperson.
- The chairperson of the Committee must be independent.
- The majority of members of the Committee are required to demonstrate, collectively, expertise in financial management and risk and experience in public sector management.

Meetings

- The Committee will meet at least four times a year.
- Additional meetings to be discussed and agreed with the Council and/or management as circumstances require.
- All Committee members are expected to attend each meeting, in person or through teleconference or video conference.
- A quorum is a majority of the Committee members.
- The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, auditors or others to attend meetings to provide pertinent information, as necessary.
- The Chief Executive Officer will ensure the preparation and maintenance of meeting agendas, minutes and reports and that they are provided at least one week in advance to members, along with appropriate briefing materials.

Responsibilities

The Committee will carry out the following functions and responsibilities:

Annual Work Program

- The Committee is required to adopt an Annual Work Program.

Financial Report

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- Review with management and the external auditors the results of the audit.
- Review the annual financial report, and consider whether it is complete, consistent with information known to Audit and Risk Committee members, and reflects appropriate accounting principles.
- Review with management and the external auditors all matters required to be communicated to the Committee pursuant to the Australian Auditing Standards.

Internal control

- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Risk management

- Monitor the systems and process via the Council's risk profile to ensure that material operational risks to the Council are dealt with appropriately.
- Consider the adequacy of actions taken to ensure that the material business risks have been dealt with in a timely manner to mitigate exposures to the Council.
- Conduct an annual review of performance on continual improvement in risk management through the monitoring of annual risk management performance objectives.
- Take action and make decisions on the most appropriate treatment measures when Council's extreme and risks are escalated to the Audit and Risk Committee.

Business continuity

Monitor processes and practices of the Council to ensure effective business continuity.

Internal audit

- Review with management the Charter, activities, staffing, and organisational structure of the internal audit function.
- Review and recommend the annual audit program for approval by the Council and all major changes to the program.
- Monitor processes and practices to ensure that the independence of the audit function is maintained.
- As part of the Committee's annual assessment of performance, determine the level of satisfaction with the internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- Monitor that the annual work program is linked with and covers the material business risks.
- Provide an opportunity for the Committee to meet with internal auditors to discuss any matters that the committee or internal auditor believe should be discussed privately.

External audit

- Note the external auditor's proposed audit strategy, scope and approach, including any reliance on internal auditor activity.
- Provide an opportunity for the Committee to meet with the external auditors, to discuss any matters that the committee or the external auditors believe should be discussed privately.

Compliance

- Review the systems and processes to monitor organisational compliance with legislation and regulations. Report the findings and results of management's investigation with follow-up (i) of any instances of non-compliance.

- Keep informed of the findings of any examinations by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings.
- Obtain regular updates from management about compliance matters.

Reporting responsibilities

- Undertake an annual assessment of its performance against the Committee Charter.
- Provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council meeting.
- The Chief Executive Officer must table reports and annual assessments of the Committee at Council meetings when required by *the Local Government Act 2020* and when requested by the chairperson of the Committee.
- Prepare a biannual audit and risk report that describes the activities of the Committee, including its findings and recommendations, and provide a copy of the report to the Chief Executive Officer for tabling at the next Council meeting.
- Monitor that open communication between internal auditors, the external auditors, and the Council occurs.
- Report annually to stakeholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulation.
- Consider the findings and recommendations of relevant performance audits undertaken by the Victorian Auditor-General and to ensure the Council implements relevant recommendations.

Other responsibilities

- Perform other activities related to this Charter as requested by the Council.

References

- [NGSC Audit and Risk Committee Guidelines](#)
- [Audit Committees - A Guide to Good Practice for Local Government 2011](#)
- [NGSC Risk Management Strategy](#)
- [Victorian Protective Data Security \(VPDSS\) Framework](#)
- [NGSC Risk Committee Terms of Reference](#)
- [Local Government Act 2020](#)
- [VAGO Report - Audit Committee Governance, August 2016](#)

Review

Assessment of the charter will be undertaken every four years to align with the Council term to ensure it remains current with the Council's goals, processes, aims and requirements and as a means by which to reduce Council's exposure to risk. Triggers for an earlier assessment include legislative changes and introduction of new systems or procedures.

Review history

Date	Review details	Action
3 August 2020	Reported to Council	Adopted by Council