

Audit Panel Charter

Glenorchy City Council

| | |
|--|---|
| | 1.1 Endorsed (as amended) Item 7 (20 April 2016) as per Audit Panel Minutes |
| | 2.0 Approved Item 14 (06 June 2016) as per Council Minutes |
| | 3.0 Approved Item 12 (15 January 2018) as per Council Minutes |
| | 4.0 Approved Item 14 (26 November 2018) as per Council Minutes |

THE AUDIT PANEL CHARTER

The Glenorchy City Council (the Council) has established the Audit Panel in compliance with Division 4 of the *Local Government Act 1993* (the Act), the *Local Government (Audit Panels) Order 2014* and the *Local Government (Audit Panels) Amendment Order 2015*.

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

PART 1 – PRELIMINARY

1.1 Short Title

The Audit Panel Charter of Glenorchy City Council may be cited as the Charter.

PART 2 – INTERPRETATION

2.1 Interpretation

In this Charter –

“Act” means the *Local Government Act 1993*

“Audit Panel” means an audit panel that Glenorchy City Council is required to establish under section 85(1) of the Act

“Council” means Glenorchy City Council established under section 18 of the Act

“Councillor” means a person elected to Council and includes the Mayor, Deputy Mayor and Alderman

“Chairperson” means the chairperson of the Audit Panel appointed by Council in accordance with the *Local Government (Audit Panels) Order 2014*

“Chief Financial Officer” means the person, determined by the General Manager of Council by notice provided to the person, to be responsible to the General Manager in relation to the preparation of Council's financial statements

“employee of council” means any person employed, hired, or contracted by the Council to undertake works or services on behalf of the Council

“financial statements” means the annual financial statements required by section 84 of the Act and produced in accordance with the *Audit Act 2008* (Tas);

“General Manager” means the General Manager of Council appointed under section 61 of the Act

“independent person” means a person who is not a Councillor/Alderman or an employee of Council

“member” means a member appointed to the Audit Panel that is either a Councillor/Alderman or an independent person

“Order” means the *Local Government (Audit Panels) Order 2014*

“Part 7 plan” means a strategic plan, an annual plan, a long-term financial management plan or a long-term strategic asset management plan of Council prepared under Division 2 of Part 7 of the Act

“related party” has the meaning given in Australian Accounting Standards (“AASB 124 - Related Party Disclosures”), and

“Secretariat” means the person, determined by the General Manager of Council by notice provided to the person, to be responsible to Audit Panel in relation to assisting with Audit Panel related activities.

PART 3 – OBJECTIVE

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

PART 4 - FUNCTIONS OF THE AUDIT PANEL

- 4.1** The Audit Panel is to consider in a review of Council's performance:
- (a) whether the annual financial statements of Council accurately represent the state of affairs of Council
 - (b) whether and how the Part 7 plans are integrated and the processes by which, and assumptions under which, those plans were prepared
 - (c) Council’s financial system, financial governance arrangements and financial management
 - (d) 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
 - (e) whether Council is complying with the provisions of the Act and all other relevant legislation
 - (f) whether Council is complying with its internal policies and procedures
 - (g) whether Council has taken any action in relation to previous recommendations provided by the Audit Panel to Council and, if it has taken action, what that action was and its effectiveness, and
 - (h) any other matters specified in the Order under section 85B of the Act as matters that the Audit Panel is to consider in such a review.
- 4.2** The Audit Panel is to review the General Manager's corporate credit card expenditure including the relevance and integrity of transactions and the evidence of appropriate and independent authorisation of that expenditure.

PART 5 – KEY AREAS FOR CONSIDERATION

- 5.1** In fulfilling its functions, under Part 4, the Audit Panel should consider the following key operational areas within Council:
- (a) corporate governance
 - (b) systems of internal controls
 - (c) risk management frameworks
 - (d) human resource and work health and safety management, including policies, procedures and enterprise agreements
 - (e) information and communication technology governance
 - (f) management and governance of the of data, information and knowledge, and
 - (g) internal and external reporting requirements (both financial and non-financial).

PART 6 – RESPONSIBILITIES OF THE AUDIT PANEL MEMBERS

- 6.1** A member of the Audit Panel is expected to understand and comply with the legal requirements of the Act and the Order.
- 6.2** A member of the Audit Panel is expected to:
- (a) act in the best interests of Council
 - (b) apply sound analytical skills, objectivity and judgment
 - (c) express opinions constructively and openly, raise issues that relate to the Audit Panel’s functions and pursue independent lines of enquiry, and
 - (d) contribute the time required to review the papers provided.
- 6.3** Except as required, or allowed, under the Act, another Act or any other law, a member must not disclose information that is:
- (a) seen or heard by the member at a meeting or part of a meeting of the Audit Panel meeting that is closed to the public that is not authorized by the Audit Panel to be disclosed, or
 - (b) given to the member by the Mayor Deputy Mayor, Alderman, Chairperson of a meeting of the Council or Council Committee, Council employee, General Manager, or another member on the condition that it be kept confidential.
- 6.4** A member of the Audit Panel must not make improper use of any information acquired as a member of the Audit Panel.
- 6.5** Improper use of information includes using the information:
- (a) to gain, directly or indirectly, an advantage or to avoid, directly or indirectly, a disadvantage for oneself, a member of one’s family or a close associate, or

- (b) to cause any loss or damage to any council, controlling authority, single authority, joint authority, or person.
- 6.6** A member of the Audit Panel must not procure the doing or not doing of anything by the council to gain, directly or indirectly, an advantage or to avoid, directly or indirectly, a disadvantage for:
- (a) the member, or
 - (b) a close associate of the member, or
 - (c) a member of the member's family.
- 6.7** A Member of the Audit Panel is expected to act ethically and to treat all persons with fairness and respect. A member should not interact directly with Council staff and externally contracted staff without the prior approval of both the Audit Panel and the General Manager.

PART 7 - MEMBERSHIP OF THE AUDIT PANEL

- 7.1** The Audit Panel of Council is to be constituted by five (5) members of whom three (3) must be independent persons.
- 7.2** Without limiting who may be members of the Audit Panel, the following persons are eligible to be members of the Audit Panel:
- (a) a Councillor, other than the Mayor, of Council, or
 - (b) a member of an Audit Panel of another Council.
- 7.3** A person who is an employee or the General Manager or the Mayor of Council is not entitled to be a member of the Audit Panel of Council.
- 7.4** Council is to seek expressions of interest for the appointment of Aldermanic members of the Audit Panel through a secret ballot process.
- 7.5** Council is to seek expressions of interest for appointment of members of the Audit Panel, including through publicly advertising.
- 7.6** Council is to appoint the independent persons of its Audit Panel after a selection process conducted by Council.
- 7.7** In appointing an independent person as a member of the Audit Panel, Council –
- (a) is to ensure that the person possesses good business acumen and sound management and communication skills, and
 - (b) may take into account any other relevant knowledge, abilities and skills of the person including (but not limited to):

- (i) knowledge and expertise in the areas of audit practices and financial management
- (ii) knowledge of, and experience in, relevant industries
- (iii) experience in, and good understanding of, relevant legal requirements, and
- (iv) experience with governance processes including, but not limited to, risk management.

7.8 Council is to appoint two (2) Aldermanic proxies through a secret ballot process that are to be called upon when the elected Aldermanic members are unavailable to attend the Audit Panel meeting(s).

PART 8 - CHAIRPERSON OF THE AUDIT PANEL

- 8.1** The Chairperson of the Audit Panel may only be an independent person who is a member of the Audit Panel.
- 8.2** Council is to appoint one (1) of the independent persons as Chairperson of the Audit Panel by secret ballot in a Council Meeting.
- 8.3** When the Chairperson is unavailable to attend a meeting of the Audit Panel, a Deputy Chairperson is to be selected from the remaining two (2) independent persons as voted on by the Audit Panel or as voted on by Council at the time of appointing the Chairperson.

PART 9 - TERM AND CONDITIONS OF APPOINTMENT OF THE AUDIT PANEL MEMBERS

- 9.1** Terms of appointment of independent members are as follows:
 - (a) the Chairperson and the two (2) other independent members will hold office for a maximum of a three (3) year term, and
 - (b) in making these appointments, the Council will ensure that these terms for the three (3) appointments, do not terminate at the same time.
- 9.2** An independent member of the Audit Panel, if eligible, may be re-appointed by Council, provided the member's reappointment will not cause their total term to exceed six (6) consecutive years.
- 9.3** Subject to Part 10, an Aldermanic member of the Audit Panel holds office from the date of their appointment to the Audit Panel, until the termination or expiry (whichever occurs earlier) of their term as an elected Alderman.

- 9.4** An independent member of the Audit Panel who is an independent person is entitled to be paid the remuneration and allowances as determined by Council as specified in the member's instrument of appointment.

PART 10 – REMOVAL FROM OFFICE

- 10.1** A member of the Audit Panel may only be removed as a member by a resolution of an absolute majority of Council.

PART 11 - NOTIFICATION OF APPOINTMENT OF MEMBERS OF AUDIT PANEL

- 11.1** The General Manager of Council is to notify the Director of Local Government of:
- (a) the appointment of all the members of Council's Audit Panel, and the term of each of those appointments, as soon as practicable after establishing the Audit Panel
 - (b) the identity of the Chairperson and each independent person of the Audit Panel, and
 - (c) the appointment of each new member of the Audit Panel and the term of his or her appointment, as soon as practicable after making that appointment.

PART 12 - ANNUAL WORK PLAN

- 12.1** To assist the Audit Panel in performing its functions efficiently and effectively, the Audit Panel is to develop an annual work plan that includes, but is not limited to, a schedule of meetings and the known objectives for each meeting so scheduled.
- 12.2** The forward meeting schedule should include the dates, start time and location for each meeting.

PART 13 - MEETINGS OF THE AUDIT PANEL

- 13.1** The Audit Panel is to hold not less than four (4) ordinary meetings in each financial year (not including any special meetings).
- 13.2** At a meeting of the Audit Panel, a quorum is constituted by three (3) members in attendance one (1) of whom must be an independent member, and another Aldermanic member of the Audit Panel.

13.3 The following Officers of Council are to attend, or to ensure that their respective delegates attend, each meeting of Council's Audit Panel as an ex-officio (non-voting) member:

- (a) General Manager
- (b) Chief Financial Officer, and
- (c) Secretariat.

13.4 The Audit Panel may invite or allow a councillor of Council and/or an employee of Council and/or internal and/or, external auditor to attend one or more meetings of the Audit Panel.

13.5 Subsections 13.3 and 13.4 do not apply in relation to a meeting of the Audit Panel if the Chairperson determines that the meeting (or part of a meeting) is to be held in private.

13.6 Subject to this Charter the Audit Panel may regulate its own meetings.

13.7 Any relevant provisions of the *Local Government (Meeting Procedures) Regulations 2015* are to apply to meetings of the Audit Panel.

13.8 The Chairperson is required to call a meeting if requested to do so by Council, or by an Audit Panel member.

PART 14 – REPORTING

14.1 The Audit Panel is to report to Council on its operations and activities during the year.

14.2 With respect to communicating with Council about Audit Panel meetings:

- (a) Panel meeting minutes will be circulated out of session to Audit Panel members for review and endorsement prior to being submitted to Council for consideration, noting that these minutes are to be considered at the next Audit Panel meeting for adoption.
- (b) The unconfirmed but endorsed minutes will be placed on the next available Council agenda for the open part of the meeting unless there are matters contained in the minutes that would be covered by Regulation 15(2) of the *Local Government (Meeting Procedures) Regulations 2015*, in which case these matters will be included in the closed part of the Council agenda.
- (c) Council is to be advised of any changes to the endorsed unconfirmed minutes when subsequently adopted by the Audit Panel.
- (d) At the request of Council, the Chairperson of the Audit Panel, or another Panel member if the Chairperson is unavailable, will attend the Council meeting where the Audit Panel minutes are listed for consideration to report on and answer questions about issues in the minutes.

(e) Copies of Audit Panel meeting agenda and related attachments are to be made available to all Aldermen

14.3 The Audit Panel may, at any time, report to Council any other matter it deems to be of sufficient importance to do so.

14.4 The Audit Panel, through the Chairperson, must report annually to Council on its overall operation and activities during the financial year.

14.5 The Audit Panel's annual report is to include but not limited to:

- (a) a summary of the work the Audit Panel performed to fully discharge its responsibilities during the preceding year, and
- (b) an overall assessment of Council's legal, governance, financial, risk, control and compliance framework including details of any significant emerging risk impacting on Council.

PART 15 - RECOMMENDATION OF THE AUDIT PANEL

15.1 On conducting a review under section 85A of the Act, the Audit Panel is to provide Council with a written report of its conclusions and recommendations, if any.

PART 16 - RESOURCES OF THE AUDIT PANEL

16.1 Council is to provide secretarial support to, and all necessary funding required by, the Audit Panel.

16.2 The Secretariat is to ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chairperson, at least four (4) days before the meeting.

16.3 The Secretariat is to ensure the minutes of Audit Panel meetings are prepared and maintained.

16.4 The draft minutes must be reviewed by the Chairperson before being distributed to Audit Panel members and will be confirmed at the next meeting of the Audit Panel.

16.5 The Audit Panel, through the General Manager, will obtain any information and/or document it needs from any employee of Council and/or external party when such information and/or document is required to carry out its functions. This is subject to the Audit Panel members' legal obligations to protect the obtained information and/or document.

- 16.6** Subject to Council's approval of expenditure, the Audit Panel will obtain, (at Council's cost), external professional advice as it determines is appropriate.
- 16.7** Subject to Part 6, the Audit Panel will discuss any matters with the internal and/or external auditor when required.
- 16.8** Council is to provide induction for the members of the Audit Panel to enable them to meet their responsibilities under this Charter.

PART 17 – CONFLICTS OF INTEREST

- 17.1** The Conflict of Interest provisions of Part 5 of the Act are to apply to members of the Audit Panel, Council and Council employees who provide advice or recommendations to the Audit Panel.
- 17.2** At each Audit Panel Meeting a member must declare any potential or actual pecuniary or non-pecuniary interests that may affect the carrying out of the member's functions and responsibilities under the Act and the Order.
- 17.3** In considering whether to declare an interest under clause 17.2, members must consider whether the potential interest may, in any way, impact or influence, or be seen to impact or influence, the members ability to make impartial decisions in accordance with this Charter.
- 17.4** All declaration of interests must be recorded in the meeting minutes.
- 17.5** Where required by the Chairperson the member will be excused from the meeting or from the Audit Panel's consideration of the relevant agenda item(s).
- 17.6** The General Manager is to keep a register of interests of members of the Audit Panel.

PART 18 –REVIEW OF THE AUDIT PANEL AND THE CHARTER

18.1 Performance Review of the Audit Panel

- (a) The Chairperson of the Audit Panel, in consultation with Council, will initiate a review of the performance of the Audit Panel at least once every two (2) years.
- (b) The review will be conducted on a self-assessment basis (unless otherwise determined by Council) with appropriate input sought from the Audit Panel, the General Manager, management and any other relevant stakeholders, as determined by the Audit Panel.
- (c) The Audit Panel's review will include a section on the performance of the Chairperson, and the discharge of their duties and responsibilities under the Charter.

18.2 Review of the Charter

- (a) At least every second year the Audit Panel will review the Charter to ensure its provisions comply with the Act and the Order.
- (b) Any changes to the Charter will be recommended by the Audit Panel and approved by Council.

Approved by Council at its Meeting dated Monday, 26 November 2018.

Signed on behalf of Glenorchy City Council

A handwritten signature in black ink, appearing to be 'A. J. ...', written over a horizontal line.

Signature

Chair of Council Meeting