

	COUNCIL POLICY	
	Audit and Risk Committee Council Policy	
	Policy Number	CP004
	Directorate	Organisational Services
	Owner	Ken Diehm, Chief Executive Officer
	Last Approved	26/04/2023
	Review Due	26/04/2026

1. PURPOSE

The primary objective of this Policy is for the establishment of an Audit and Risk Committee to assist the Council in fulfilling its responsibilities relating to accounting, reporting and operational practices.

2. SCOPE

This policy applies to the Fraser Coast Regional Council Audit and Risk Committee.

3. HEAD OF POWER

Local Government Act 2009

Section 105 - Auditing, including internal auditing

- (1) Each local government must establish an efficient and effective internal audit function.
- (2) Each large local government must also establish an audit committee.
- (3) A **large local government** is a local government that belongs to a class prescribed under a regulation.
- (4) An **audit committee** is a committee that—
 - (a) monitors and reviews—
 - (i) the integrity of financial documents; and
 - (ii) the internal audit function; and
 - (iii) the effectiveness and objectivity of the local government's internal auditors; and
 - (b) makes recommendations to the local government about any matters that the audit committee considers need action or improvement.

Local Government Regulation 2012

Section 210 Audit committee composition

- (1) The audit committee of a local government must—

- (a) consist of at least 3 and no more than 6 members; and
 - (b) include—
 - (i) 1, but no more than 2, councillors appointed by the local government; and
 - (ii) at least 1 member who has significant experience and skills in financial matters.
- (2) The chief executive officer can not be a member of the audit committee but can attend meetings of the committee.
- (3) The local government must appoint 1 of the members of the audit committee as chairperson.

Section 211 Audit committee meetings

- (1) The audit committee of a local government must—
- (a) meet at least twice each financial year; and
 - (b) review each of the following matters—
 - (i) the internal audit plan for the internal audit for the current financial year;
 - (ii) the internal audit progress report for the internal audit for the preceding financial year including the recommendations in the report and the actions to which the recommendations relate;
 - (iii) a draft of the local government's financial statements for the preceding financial year before the statements are certified and given to the auditor-general under section 212;
 - (iv) the auditor-general's audit report and auditor-general's observation report about the local government's financial statements for the preceding financial year; and
 - (c) as soon as practicable after a meeting of the committee, give the local government a written report about the matters reviewed at the meeting and the committee's recommendations about the matters.
- (2) At a meeting of the audit committee—
- (a) a quorum is at least half the number of members of the committee; and
- Examples—*
- 1 If the committee consists of 4 members, a quorum is 2.
 - 2 If the committee consists of 5 members, a quorum is 3.
- (b) either—
 - (i) the chairperson presides; or
 - (ii) if the chairperson is absent, the member chosen by the members present as chairperson for the meeting presides.
- (3) The audit committee may, for performing its functions under subsection (1)(b), seek information or advice from the person who has carried out the internal audit.
- (4) The chief executive officer must present the report mentioned in subsection (1)(c) at the next meeting of the local government.

4. DEFINITIONS

NA

5. POLICY STATEMENT

That Council establish an Audit and Risk Committee to provide independent assurance to Council on financial and performance reporting responsibilities, risk oversight and management and system of internal control.

5.1. Composition

The Audit and Risk Committee shall consist of:

- Two (2) Councillors appointed by the Council; and
- Up to three (3) independent appointments, appointed by Council following the calling of applications.

At least one member who has significant experience and skills in financial matters is required to be appointed to the Audit and Risk Committee. The Chief Executive Officer will be invited to attend meetings of the Audit and Risk Committee and will have no voting rights. The External Auditor may be invited to Audit and Risk Committee meetings together with other Council staff as appropriate.

Councillors who are committee members may appoint another Councillor with appropriate skills and qualifications as a proxy to attend on their behalf.

The Committee will meet at least four (4) times each financial year. Special meetings may be convened at the discretion of the Chairperson as may be necessary to address any matters referred to the committee or in respect of matters that the committee wishes to pursue.

5.2. Audit and Risk Committee Functions and Responsibilities

The core functions and responsibilities of the Audit and Risk Committee will include a review of the appropriateness of Council's:

1. Financial reporting;

Review the Financial Statements and provide advice to Council (including recommending their acceptance by Council).

2. Performance reporting;

Review systems and procedures for assessing and reporting the achievement of Council's performance.

3. System of risk oversight and management; and

Review whether Management has in place a current and sound risk management framework and associated internal controls for effective identification and management of Council's business and financial risks, including fraud.

4. System of internal control

Review the adequacy of Council's internal control environment, to provide assurance that management has in place processes that are designed to ensure that Council's key controls are appropriate and operating as intended.

In undertaking its core functions and responsibilities, the Audit and Risk Committee will also generally provide independent assurance and advice in other areas, by reviewing: the administration of Council's internal audit function, Council's governance arrangements as well as engaging with Council's external auditor.

The Chief Executive Officer is to give effect to all directions of the Audit and Risk Committee.

6. ASSOCIATED DOCUMENTS

Internal Audit Policy [#3196069](#)

Internal Audit Charter [#3218668](#)

Audit and Risk Committee Charter [#3071357](#)

7. REVIEW

This Policy will be reviewed when related legislation/documents are amended or replaced, other circumstances as determined from time to time by Council or at intervals of no more than three years.

Version Control

Version Number	Key Changes	Approval Authority	Approval Date	Document Number
7	Amendment – Review & transfer to new format	Council	26/04/2023	3218662
8				