

AUDIT COMMITTEE

* *Proposed for re-establishment on 9 October, 2013.*

1.0 Introduction

The Council of the City of Busselton establishes an Audit Committee under the powers given in Part 7 of the *Local Government Act 1995*.

The Committee is established to fulfil the requirements of *Local Government (Audit) Regulation 16*. It is to provide an independent oversight of the financial systems of the local government on behalf of the Council. The Committee will operate to assist Council to fulfil its corporate governance, stewardship, leadership and control responsibilities in relation to financial reporting and audit, internal audit and risk management.

The Committee is to provide guidance and assistance to the local government as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the process to be used to select and appoint a person to be an auditor. It will also provide guidance and assistance in relation to other audit processes and risk management initiatives.

The Council appoints to the Committee those persons whose names (shall) appear in section 5.0 below. Membership of the Committee shall, unless otherwise specified, be for a term ceasing on 21 October, 2017, after which time the Council may appoint members for a further term.

The Committee shall act in accordance with the provisions of the *Local Government Act 1995*, local laws and policies of the City of Busselton and this document.

2.0 Name

The name of the Committee shall be the Audit Committee.

3.0 Objectives

3.1 To monitor the annual external audit and to liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

3.2 To ensure openness in the local government's financial reporting and to liaise with the Chief Executive Officer (or his representative) to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

3.3 To facilitate:

- * the enhancement of the credibility and objectivity of external financial reporting;
- * compliance with laws and regulations as well as use of best practice guidelines relative to auditing;
- * the provision of an effective means of communication between the external auditor, the Chief Executive Officer (or his representative) and the Council;
- * the effective conduct of internal audit and risk management activities.

4.0 Specific Duties and Responsibilities

The following specific duties and responsibilities have been given to the Committee in order to facilitate the achievement of its objectives.

- 4.1 To provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to audits.
- 4.2 To provide guidance and assistance to Council as to the process for the selection and appointment of a person as the local government's auditor.
- 4.3 To recommend to Council the person or persons to be appointed as auditor.
- 4.4 To liaise with the Chief Executive Officer (or his representative) to ensure that the local government does everything in its power to assist the auditor to conduct the audit and carry out his or her other duties under the Act, and to ensure that audits are conducted successfully and expeditiously.
- 4.5 To examine the reports of the auditor after receiving a report from the Chief Executive Officer on the matters, and determine if any matters raised require action to be taken by the local government and to ensure that appropriate action is taken in respect to those matters.
- 4.6 To review the report prepared by the Chief Executive Officer on any actions taken in respect of any matters raised in the report of the auditor and to present the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest time.
- 4.7 To formally meet with the Auditor in accordance with the requirements of Section 7.12(A)(2) of the Local Government Act on behalf of the local government.
- 4.8 To review the compliance audit return and report to the Council the results of that review in accordance with Audit Regulation 14(3A).
- 4.9 To review reports provided by the CEO relating to the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance and to report to Council the results of the review in accordance with Audit Regulation 16(c).

5.0 Membership

3 Elected Members shall be appointed to the Committee.

Councillor
Councillor
Councillor

2 deputy members shall be appointed to the Committee.

Councillor

Councillor

6.0 Presiding Member

The Committee shall appoint a Presiding Member and Deputy Presiding Member to conduct its business. The Presiding Member shall ensure that minutes of the proceedings are kept and that business is conducted in accordance with the *Shire of Busselton Standing Orders Local Law*.

7.0 Meetings

The Committee shall meet at least twice annually, and shall report to Council on a twice per year basis as a minimum.

7.1 Notice of meetings shall be given to members at least 3 days prior to each meeting.

7.2 If any member is absent from 3 consecutive meetings without leave of the Committee, they shall forfeit their position on the Committee. The Council shall be informed, who will then appoint a replacement for the balance of the member's term of appointment.

7.3 The Presiding Member shall ensure that detailed minutes of all meetings are kept in accordance with the *Shire of Busselton Standing Orders Local Law*.

7.4 All members of the Committee shall have one vote. If the vote of the members present is equally divided, the person presiding shall cast a second vote.

8.0 Quorum

Quorum for a meeting shall be at least 50% of the number of offices, whether vacant or not. A decision of the Committee does not have effect unless it has been made by the required majority.

9.0 Delegated Powers

The Committee has delegated power to conduct the formal meeting with the City's Auditor required by Section 7.12(A)(2) of the *Local Government Act 1995* on behalf of the Local Government. In all other circumstances, the Committee is established to report to Council and provide appropriate advice and recommendations on matters relevant to its objectives, duties and responsibilities. This is in order to facilitate informed decision-making by Council in relation to the identified legislative functions and duties of the local government that have not been delegated to the Chief Executive Officer.

10.0 Termination of Committee

Termination of the Committee shall be:

- a) In accordance with the *Local Government Act 1995*; and
- b) At the direction of Council, not exceeding 21 October, 2017.

11.0 Amendment to the Instrument of Appointment and Delegation

This document may be altered at any time by the Council.

12.0 Committee Recommendations

Committee recommendations shall not be binding on Council and must be endorsed by Council to take effect.

<u>History</u>	
21 October, 2013	SC1310/186 Membership
9 October, 2013	C1310/267 Establishment
12 October, 2011	C1110/315