

Committee: Audit Committee

Responsible Directorate: Finance and Corporate Services

Version: Current

1. INTRODUCTION

- 1.1 The Council of the City of Busselton has established an Audit Committee (the Committee) pursuant to Part 7 of the *Local Government Act 1995* (the Act).
- 1.2 The Committee is established to fulfil the requirements of *Local Government (Audit) Regulation 16*, and provides oversight of the financial systems of the local government on behalf of the Council.
- 1.3 The Committee operates 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.
- 1.4 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 the process to select and appoint an auditor.
- 1.5 The Committee shall act in accordance with the provisions of the Act, the local laws and policies of the City of Busselton and these Terms of Reference.

2. OBJECTIVE

- 2.1 The objectives of the Audit Committee are:
 - a. 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;
 - b. 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;
 - c. to facilitate:
 - i. the enhancement of the credibility and objectivity of external financial reporting;
 - ii. compliance with laws and regulations as well as use of best practice guidelines relative to auditing;
 - iii. the provision of an effective means of communication between the external auditor, the Chief Executive Officer (or his representative) and the Council;
 - iv. the effective conduct of internal audit and risk management activities.
- 2.2 The following specific duties and responsibilities have been given to the Committee in order to facilitate the achievement of its objectives:
 - a. to provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to audits;
 - b. 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 latter;

- c. to formally meet with the auditor in accordance with the requirements of Section 7.12(A)(2) of the Act on behalf of the local government;
- d. to review the compliance audit return and report to the Council the results of that review in accordance with Audit Regulation 14(3A);
- e. 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).

3. MEMBERSHIP

- 3.1. Council shall appoint four elected members to the Committee.
- 3.2. Council shall appoint two elected members as a deputy member of the Committee.
- 3.3. Membership of the Committee shall, unless determined otherwise, cease on the day of the next ordinary Council election.
- 3.4. Council shall appoint new members to the Committee at its first meeting following the ordinary election.
- 3.5. The membership of a member may be ceased in accordance with the Act.

4. PRESIDING MEMBER

- 4.1. The Committee shall appoint a Presiding Member and Deputy Presiding Member to conduct its business.

5. MEETINGS

- 5.1. The Committee shall meet at least two times per year.
- 5.2. The Committee shall report to Council in accordance with clause 2.10 of the *City of Busselton Standing Orders Local Law 2018*.
- 5.3. Notice of meetings shall be given to members at least five days prior to each meeting, with the agenda papers to be provided to members not less than 72 hours prior to the meeting
- 5.4. The Presiding Member shall ensure that detailed minutes of all meetings are kept in accordance with the *City of Busselton Standing Orders Local Law 2018*.
- 5.5. All members of the Committee shall have one vote. If the vote of the members present is equally divided, the Presiding Member shall cast a second vote.
- 5.6. Where the Committee makes a recommendation to the Council, the Chief Executive Officer shall ensure that the recommendation is on the agenda of the next practicable ordinary Council meeting.

6. QUORUM

- 6.1. Quorum for a meeting shall be at least 50% of the number of offices of membership, whether vacant or not.

7. DELEGATED POWERS

- 7.1. Pursuant to section 5.17 of the Act, the Committee is delegated the power to conduct the formal meeting with the City's Auditor required by Section 7.12(A)(2) on behalf of the local government.
- 7.2. In all other matters, Committee recommendations shall not be binding on Council and must be endorsed by Council to take effect.

8. EVALUATION OF COMMITTEE'S EFFECTIVENESS

- 8.1. At the meeting of the Committee prior to the ordinary Council elections, the Committee shall undertake a review to evaluate its effectiveness, and as a guide the following should be determined:
- are the Committee's purpose and objectives being met?
 - should the purpose and objectives be amended?
 - is the Committee functioning effectively and as per the requirements of the *Local Government Act 1995*?
 - are the Committee members regularly attending meetings?
 - review the Terms of Reference, including membership.

9. APPROVAL

Council Adoption	DATE	25 September 2019	Resolution #	C1909/191
Previous Adoption	DATE	21 October 2013	Resolution #	SC1310/186