



SCENIC RIM REGIONAL COUNCIL

Ordinary Meeting of Council

Agenda

Meeting to be held in the Council Chambers

82 Brisbane Street

Beaudesert

Monday, 25 February 2019

Commencing at 1.00 pm

All correspondence to
be addressed to the
Chief Executive Officer

Scenic Rim Regional Council
PO Box 25
BEAUDESERT QLD 4285
ABN: 45 596 234 931

Beaudesert Administration Centre P: 07 5540 5111 F: 07 5540 5103
Boonah Administration Centre P: 07 5463 3000 F: 07 5463 2650
mail@scenicrim.qld.gov.au
www.scenicrim.qld.gov.au

SCENIC RIM REGIONAL COUNCIL
ORDINARY MEETING
25 FEBRUARY 2019
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ORDINARY MEETING OF COUNCIL

AGENDA

Please note: Agenda Items where Subject Headings are followed by [CLOSED] are to be discussed in closed session in accordance with Section 275(1) of the Local Government Regulation 2012.

Section 275(1) A local government or committee may resolve that a meeting be closed to the public if its councillors or members consider it necessary to close the meeting to discuss-

- (a) the appointment, dismissal or discipline of employees; or
 - (b) industrial matters, affecting employees; or
 - (c) the local government's budget; or
 - (d) rating concessions; or
 - (e) contracts proposed to be made by it; or
 - (f) starting or defending legal proceedings involving it; or
 - (g) any action to be taken by the local government under the Planning Act, including deciding applications made to it under that Act; or
 - (h) other business for which public discussion would be likely to prejudice the interests of local government or someone else, or enable a person to gain financial advantage.
-

SCENIC RIM REGIONAL COUNCIL
ORDINARY MEETING
25 FEBRUARY 2019
AGENDA

OPENING OF MEETING

ATTENDANCE

APOLOGIES

VISITORS

Item 7.2 Jason Evans, Partner - Audit & Assurance, Pitcher Partners
 Chair of Council's Audit & Risk Committee

1. PRAYERS

Rev Helen Paget from Boonah and Harrisville Anglican Church will offer prayers.

**2. DECLARATIONS OF INTEREST BY MEMBERS
 {UPDATES FOR REGISTER OF INTERESTS}**

3. RECEPTION OF DEPUTATIONS BY APPOINTMENT

Nil

4. CONFIRMATION OF MINUTES

- Minutes of the Ordinary Meeting held on Monday, 29 January 2019

5. BUSINESS ARISING FROM PREVIOUS MINUTES

6. RECEPTION AND CONSIDERATION OF COMMITTEE REPORTS

- Finance Committee Meeting held on Tuesday, 19 February 2019
- Corporate & Community Services Committee Meeting held on Tuesday, 19 February 2019
- Planning & Development Committee Meeting held on Tuesday, 19 February 2019

7. CONSIDERATION OF BUSINESS OF MEETING

7.1 Audit and Risk Committee Policy

Executive Officer: General Manager Customer & Regional Prosperity

Item Author: Acting Coordinator Governance and Corporate Policy

File Reference: 04/02/001

Executive Summary

This report seeks to update the Policy and Terms of Reference for the Audit and Risk Committee.

Previous Council Considerations / Resolutions

At the Corporate and Community Services Committee Meeting held on 19 February 2019, the Committee recommended:

1. That Council acknowledge the need to appoint an external member of the Audit and Risk Committee due to a vacancy for an outgoing external member, who is currently the Chair.
2. That Council note the remaining external member of the Audit and Risk Committee was approached regarding the role of chair, however, is not in a position to take up the role of Chair at this juncture.
3. Council extend the term of the current Chair (outgoing external member) to Tuesday, 31 December 2019 to ensure continuity and to provide time to recruit an appropriately skilled external member; and
4. Council endorse an Expression of Interest process to undertake recruitment for an external member of the Audit and Risk Committee for a four year term, with the position commencing in early 2020.

REPORT

As part of the expression of interest process, Council will include in the package to applicants, the Policy and Terms of Reference. Attached for Council's review are the amended Terms of Reference, with the deletion of clause 7.3.3, as was recommended by the Audit and Risk Committee on 14 June 2017.

Strategic Implications*Operational Plan*

Theme: 2. Sustainable and Prosperous Economy

Key Area of Focus: 2.1.1 Guide and optimise the future economic prosperity of the region

Budget Implications

External Committee members are remunerated for preparation and attendance at Audit and Risk Committee meetings at a rate fixed by the CEO from time to time.

The current rate for the external representatives is \$1,430 (GST Exclusive) including travel and \$1,940 (GST Exclusive) including travel.

Legal / Statutory Implications

Section 35 of the Financial and Performance Management Standard 2009 requires that where an audit committee is established, the accountable officer or statutory body must prepare terms of reference

*Risks*Strategic Risks

The following Level 1 and Level 2 (strategic) risks are relevant to the matters considered in this report:

SR46 Inadequate or lack of Governance (including procurement) Framework (systems, policies, procedures, delegations and controls) in place to ensure compliance by Council's Councillors and Officers with all relevant State and Federal legislation and regulations.

Risk Assessment

Category	Consequence	Likelihood	Inherent Risk Rating	Treatment of risks	Residual Risk Rating
Legal Compliance and Liability Audit and Risk Committee Policy	Minor	Possible	Medium	That all policies are reviewed and updated as and when they become due.	Low

Conclusion

Prior to going to expressions of interest for an external member of the Audit and Risk Committee, that Council review the current policy and terms of reference.

Consultation

Previous Audit and Risk Committee recommendations

General Manager's Recommendation

That Council adopt the attached Terms of Reference and the Audit and Risk Committee Policy.

Attachments

1. Audit and Risk Committee - Terms of Reference.
2. Draft Council Policy (CM03.03CP) Audit and Risk Committee.
3. Council Policy (CM03.03CP) Audit and Risk Committee.

Attachment 1 - Audit and Risk Committee - Terms of Reference**Audit and Risk Committee
Terms of Reference****1. INTRODUCTION**

Section 35 of the *Financial and Performance Management Standard 2009* requires that where an audit committee is established, the accountable officer or statutory body must prepare terms of reference.

2. OBJECTIVES

2.1 The Audit and Risk Committee is established to achieve the following outcomes:

- To provide Council with assurance that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- To provide an independent review of Council's reporting functions to ensure the integrity of financial reports.
- To provide strong and effective oversight of the internal audit function.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that Council effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

3. MEMBERSHIP

- 3.1 The Audit and Risk Committee will be comprised of two external independent members, the Mayor (or Proxy), and one other Councillor appointed by Council to that role. The Chair shall be an external member.
- 3.2 External independent members will have senior business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements. At least one member of the Committee will ideally have substantial experience in the public sector.
- 3.3 Expressions of Interest will be invited for appointment as external members of the Committee and to fill any casual vacancies for those positions which may arise during the term of the Committee. Nominations received will be reviewed by the Mayor, Deputy Mayor, Chief Executive Officer (CEO) and General Manager Council Sustainability. Where appropriate a shortlist of not more than five candidates may be prepared for Council's consideration, via a merit-based process. Appointments shall be made by Council resolution.
- 3.4 Appointments of the external members will be for a term of four years. Ideally the appointments should be staggered such that an external member is appointed every second year .

- 3.5 Council may at any time elect to extend the term of an external member by way of written notice.
- 3.6 If the Council proposes to remove a member of the Committee, it shall give written notice to the members of its intention to do so and, if that member so requests, provide the member with the opportunity to be heard.
- 3.7 External representatives will be remunerated for preparation for and attendance at Audit and Risk Committee meetings at a rate fixed by the Chief Executive Officer from time to time.

4. MEETINGS

- 4.1 The Audit and Risk Committee will conduct its operations at formal meetings to be held a minimum of twice in each financial year. An additional meeting to specifically consider a draft of the general purpose financial statement for the preceding financial year before the statements are certified and given to the Auditor-General under s212 of the *Local Government Regulation 2012* may also be scheduled.
- 4.2 The Chief Executive Officer will convene these meetings when requested by the Committee Chair and at such other times which are deemed to be appropriate to the conduct of Committee business and convenient to the members of the Committee.
- 4.3 At meetings, all members shall have full voting rights. The quorum for meetings of the committee is two members.
- 4.4 All Committee Meetings shall be held during Council business hours in the Council Chambers of Council's Public Office, 82 Brisbane Street, Beaudesert.
- 4.5 In addition to Committee Members, the following persons shall be invited to attend all Committee meetings as observers:
- Internal Auditor
 - The person appointed by Queensland Audit Officer to conduct the External Audit for the current year.
 - Chief Executive Officer, General Managers and other relevant Council Officers.
 - General Manager Council Sustainability
 - Councilors who are not members of the Committee
- 4.6 The Committee may determine that any or all observers should be excluded from a particular meeting or part of meeting during consideration of a particular agenda item.
- 4.7 To remove any doubt, the Audit and Risk Committee is not a Committee of Council for the purposes of Chapter 8 Part 2 of the *Local Government Regulation 2012*. Audit meetings are held 'in camera', which means they are closed to the public and reports to and by the Committee are not publicly available.

5. ROLE AND AUTHORITY

- 5.1 The Audit and Risk Committee is appointed by, and is responsible to, Council. The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated authority. It does not have any management function and is therefore independent of management.
- 5.2 At its meetings the Committee will consider reports supplied regarding the following matters:
- The internal audit plan for the internal audit for the current financial year.
 - 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.
 - A draft of the local government's general purpose financial statement for the preceding financial year before the statement is certified and given to the Auditor-General under s212 of the *Local Government Regulation 2012*.
 - The Auditor-General's report about the local government's general purpose financial statement for the preceding financial year.
 - The performance of the organisation in managing financial and non-financial risks.
- 5.3 The Office of the Chief Executive Officer may provide a secretarial function to the Audit and Risk Committee. The CEO shall circulate the agenda, supported by explanatory documentation, to the Audit and Risk Committee members, and the External Auditors at least three (3) days before the meeting. Auditors are invited to contribute items for the Agenda.
- 5.4 All information supplied by Council and its officers for consideration at Committee meetings must be treated as being confidential to the local government (refer ss171, 171A and 200 of the *Local Government Act 2009*).
- 5.5 The Committee will have the right to request from management independent professional advice when considered necessary and obtain information from management and to consult directly with the auditors. However the Committee has no power to direct Council staff in the performance of their duties.

6. MEETING OUTCOMES

- 6.1 A report of the outcomes of each meeting will be prepared for endorsement by the Committee Chair and distributed to Committee members, within two weeks after the meeting.
- 6.2 The Chief Executive Officer will provide a report to the next available Ordinary Meeting of Council about the matters reviewed at the Audit and Risk Committee meeting and recommendations. Where requested by Council, the Committee Chair will provide further information regarding those recommendations.
- 6.3 The Committee shall report annually to Council summarising the activities of the Committee during the previous financial year. The Chair shall be in attendance to speak to Council.

7. REVIEW RESPONSIBILITIES

In addition to responsibilities conferred by Chapter 5, Part 11, Subdivision 2 of the *Local Government Regulation 2012*, the duties and responsibilities of the Audit and Risk Committee include, but are not necessarily limited to, the following:

7.1 Corporate Governance and Control:

- 7.1.1 Review and monitor the risk exposure of Council by determining if management has appropriate risk management, structure, controls, processes and adequate management information systems.
- 7.1.2 Review audit risk assessments and projects.
- 7.1.3 Review and recommend all significant changes to financial management policies.
- 7.1.4 Monitor compliance with important regulations relevant to Council's activities including statutory regulations for Council's subsidiaries.
- 7.1.5 Initiate special projects or investigations on any matter within its Terms of Reference or such other functions as assigned by Council or by the *Local Government Act 2009* or *Finance and Performance Management Standard 2009*.
- 7.1.6 Review and provide advice to Council on proposed changes to the Audit and Risk Committee's Terms of Reference at least every four (4) years.
- 7.1.7 Review processes and probity associated with significant procurement activities.
- 7.1.8 Review Council's draft annual financial statements for accuracy, completeness and timeliness.

7.2 External Audit – Queensland Auditor General:

- 7.2.1 At the completion of the interim and final external audits the Audit and Risk Committee shall meet to review the interim and final draft financial statements and the interim and final draft management letters focusing on:
 - Significant changes in financial management policies and practices.
 - Major judgmental areas.
 - Significant audit adjustments.
 - Proposed departures from accounting standards.
 - Council management comments reflected in the draft management letters.
 - To enquire from the External Auditors if there have been any significant disagreements with management irrespective of whether or not these have been resolved.

The responsible General Manager or delegates shall attend such meeting.

- 7.2.2 Prior to the commencement of an audit by the External Auditors, the Audit and Risk Committee should meet with them and review the scope of the proposed audit.

- 7.2.3 Review management responses to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.
- 7.2.4 Monitor the extent of reliance on Internal Audit work by the External Auditors to ensure completeness of coverage and the effective use of audit resources.
- 7.3. **Internal Audit:**
 - 7.3.1 Review the Internal Audit Charter and any subsequent amendments and recommend for approval.
 - 7.3.2 Review internal audit draft and/or final reports and findings.
 - 7.3.3 Monitor the progress of the Internal Audit Annual Plan and review all recommendations in audits completed and review management's implementation of such recommendations.
 - 7.3.4 Ascertain that the activities undertaken by Internal Audit are in accordance with the Internal Audit Charter.
 - 7.3.5 Monitor whether Internal Audit is receiving the cooperation of all levels of management.
 - 7.3.6 Monitor Internal Audit's performance.
 - 7.3.7 Review the Internal Audit Charter to ensure it remains relevant to the operations of the Council.

Attachment 2 - Draft Council Policy (CM03.03CP) Audit and Risk Committee

**OBJECTIVES**

The objective of this policy is to provide a framework for an Audit and Risk Committee to oversee the efficient and effective management of Council's operations.

POLICY STATEMENT

Council is committed to:

1. Meeting its' obligations as a public entity to ensure effective fiduciary control of its operations.
- ~~2.~~ Continuous improvement of ~~its~~ systems and processes and ~~to~~ the adoption of a risk management approach to ~~its~~ operations as outlined in the Scenic Rim Regional Council Corporate Plan 2018-2023. ~~Corporate Plan.~~
- ~~3.~~
- ~~4.2.~~ Providing professional oversight of the internal and internal audit functions of the Audit and Risk Committee as well as monitor the performance of Council's Risk Management Systems.
- ~~5.3.~~ Meeting the full responsibilities of the Audit and Risk Committee as detailed in the Audit and Risk Committee Terms of Reference (Attachment 1).

DEFINITIONS

Nil

RELATED DOCUMENTS

1. *Local Government Act 2009;*
2. *Local Government Regulations 2012;*
3. *Financial Accountability Act 2009;*
4. *Financial and Performance Management Standard 2009;*
5. *Internal Audit Policy;*

Policy Reference Number: CM03.03CP
 Portfolio: Customer and Regional Prosperity
 Business Unit: Governance

Adoption/Approval Date: 25 February 2019
 Review Date: 25 February 2022
 File References: 04/03/001, 04/13/005, 04/15/004

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6. Council Policy: *Risk Management*; and
7. Scenic Rim Regional Council Enterprise Risk Management Guidelines.

This policy supports the Scenic Rim Regional Council Corporate Plan 2018-2023, in particular Theme - Sustainable and Prosperous Economy.

Approved By:
SCENIC RIM REGIONAL COUNCIL
25 February 2019

Version Information

Version No.	Date	Key Changes
1.0	23/11/2010	Ordinary Meeting - New
2.0	26/06/2012	Ordinary Meeting
3.0	27/08/2013	Ordinary Meeting
4.0	26/05/2015	Ordinary Meeting
5.0	24/05/2016	Ordinary Meeting
6.0	19/12/2016	Ordinary Meeting
7.0	25/02/2019	Ordinary Meeting 25/02/2019 Policy amended under the new policy framework. Amendments include the removal of the requirement of section 7.3.3 for the Audit and Risk committee to approve the internal audit's financial budget and reflection of the organisational structural changes 'reflect refreshed and refocussed'.

Policy Reference Number: CM03.03CP
Portfolio: Customer and Regional Prosperity
Business Unit: Governance

Adoption/Approval Date: 25 February 2019
Review Date: 25 February 2022
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Attachment 1**Audit and Risk Committee Terms of Reference****1. INTRODUCTION**

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- To provide strong and effective oversight of the internal audit function.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that Council effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

3. MEMBERSHIP

3.1 The Audit and Risk Committee will be comprised of two external independent members, the Mayor (or Proxy), and one other Councillor appointed by Council to that role. The Chairperson shall be an external member.

3.2 External independent members will have senior business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements. At least one member of the Committee will ideally have substantial experience in the public sector.

3.3 Expressions of Interest will be invited for appointment as external members of the Committee and to fill any casual vacancies for those positions which may arise during the term of the Committee. Nominations received will be reviewed by the Mayor, Deputy Mayor, Chief Executive Officer (CEO) and General Manager Council Sustainability. ~~Mayor, Deputy Mayor and Chief Executive Officer (CEO)~~. Where appropriate a shortlist of not more than five candidates may be prepared for Council's consideration, via a merit-based process. Appointments shall be made by Council resolution.

3.4 Appointments of the external members will be for a term of four years. ~~Ideally with~~ the appointments should be staggered such that an external member is ~~re~~appointed every second year ~~for four years~~.

3.5 Council may at any time elect to extend the term of an external member by way of written notice.

~~3.65~~ If the Council proposes to remove a member of the Committee, it shall give written notice to the members of its intention to do so and, if that member so requests, provide the member with the opportunity to be heard.

~~3.76~~ External representatives will be remunerated for preparation for and attendance at Audit and Risk Committee meetings at a rate fixed by the Chief Executive Officer from time to time.

4. MEETINGS

4.1 The Audit and Risk Committee will conduct its operations at formal meetings to be held a minimum of twice in each financial year. An additional meeting to specifically consider a draft of the general purpose financial statement for the preceding financial year before the statements are certified and given to the Auditor-General under s212 of the *Local Government Regulation 2012* may also be scheduled.

4.2 The ~~Coordinator Governance and Corporate Policy~~ Chief Executive Officer will convene these meetings when requested by the Committee Chairperson and at such other times which are deemed to be appropriate to the conduct of Committee business and convenient to the members of the Committee.

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- The person appointed by Queensland Audit Officer to conduct the External Audit for the current year.
- ~~Chief Executive Officer, and other Executive Officers~~ General Managers and other relevant Council Officers of Council
- ~~Coordinator Governance and Corporate Policy~~
- ~~Chief Finance Officer~~ General Manager Council Sustainability
- ~~Councillors~~ Councillors who are not members of the Committee

4.6 The Committee may determine that any or all observers should be excluded from a particular meeting or part of meeting during consideration of a particular agenda item.

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held 'in camera', which means they are closed to the public and reports to and by the Committee are not publicly available.

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 - The Auditor-General's report about the local government's general purpose financial statement for the preceding financial year.
 - The performance of the organisation in managing financial and non-financial risks.
- 5.3 The ~~Executive Office~~Office of the Chief Executive Officer may provide a secretarial function to the Audit and Risk Committee. The CEO shall circulate the agenda, supported by explanatory documentation, to the Audit and Risk Committee members, and the External Auditors at least three (3) days before the meeting. Auditors are invited to contribute items for the Agenda.
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- 5.5 The Committee will have the right to request from management independent professional advice when considered necessary and obtain information from management and to consult directly with the auditors. However the Committee has no power to direct Council staff in the performance of their duties.

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- 6.2 The Chief Executive Officer will provide a report to the next available Ordinary Meeting of Council about the matters reviewed at the Audit and Risk Committee meeting and ~~the Committee's~~ recommendations ~~about those matters~~. Where requested by Council, the Committee Chairperson will provide ~~it with~~ further information regarding those recommendations.

6.3 The Committee shall report annually to ~~the~~ Council summarising the activities of the Committee during the previous financial year. The Chair~~person~~ shall be in attendance to speak to ~~the report~~ Council.

7. REVIEW RESPONSIBILITIES

In addition to responsibilities conferred by Chapter 5, Part 11, Subdivision 2 of the *Local Government Regulation 2012*, the duties and responsibilities of the Audit and Risk Committee include, but are not necessarily limited to, the following:

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7.1.2 Review audit risk assessments and projects.

7.1.3 Review and recommend all significant changes to financial management policies.

7.1.4 Monitor compliance with important regulations relevant to Council's activities including statutory regulations for Council's subsidiaries.

7.1.5 Initiate special projects or investigations on any matter within its Terms of Reference or such other functions as assigned by Council or by the *Local Government Act 2009* or *Finance and Performance Management Standard 2009*.

7.1.6 Review and provide advice to Council on proposed changes to the Audit and Risk Committee's Terms of Reference at least every four 4 years.

7.1.7 Review processes and probity associated with significant procurement activities.

7.1.8 Review Council's draft annual financial statements for accuracy, completeness and timeliness.

7.2 External Audit – QLD-Queensland Auditor General:

7.2.1 At the completion of the interim and final external audits the Audit and Risk Committee shall meet to review the interim and final draft financial statements and the interim and final draft management letters focusing on:

- Significant changes in financial management policies and practices.
- Major judgmental areas.
- Significant audit adjustments.
- Proposed departures from accounting standards.
- Council management comments reflected in the draft management letters.
- To enquire from the External Auditors if there have been any significant disagreements with management irrespective of whether or not these have been resolved.

- The responsible ~~Chief Financial Officer~~General Manager or delegates shall attend such meeting.
- 7.2.2 Prior to the commencement of an audit by the External Auditors the Audit and Risk Committee should meet with them and review the scope of the proposed audit, ~~as described in the Queensland Audit Office' annual Client Service Plan.~~
- 7.2.3 Review management responses to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.
- 7.2.4 Monitor the extent of reliance on Internal Audit work by the External Auditors to ensure completeness of coverage and the effective use of audit resources.
- 7.3. Internal Audit:**
- 7.3.1 Review the Internal Audit Charter and any subsequent amendments and recommend for approval.
- 7.3.2 Review internal audit draft and/or final reports and findings.
- ~~7.3.3 Review and recommend approval of the Three Year and Annual Internal Audit Plans, and the associated financial budget for the internal audit function.~~
- 7.3.43 Monitor the progress of the Internal Audit Annual Plan and review all recommendations in audits completed and review management's implementation of such recommendations.
- 7.3.54 Ascertain that the activities undertaken by Internal Audit are in accordance with the Internal Audit Charter.
- 7.3.65 Monitor whether Internal Audit is receiving the cooperation of all levels of management.
- 7.3.76 Monitor Internal Audit's performance.
- 7.3.87 Review the Internal Audit Charter to ensure it remains relevant to the operations of the Council.

Attachment 3 - Council Policy (CM03.03CP) Audit and Risk Committee**OBJECTIVES**

The objective of this policy is to provide a framework for an Audit and Risk Committee to oversee the efficient and effective management of Council's operations.

POLICY STATEMENT

Council is committed to:

1. Meeting its obligations as a public entity to ensure effective fiduciary control of its operations.
2. Continuous improvement of systems and processes and the adoption of a risk management approach to operations as outlined in the Scenic Rim Regional Council Corporate Plan 2018-2023.
3. Providing professional oversight of the internal and internal audit functions of the Audit and Risk Committee as well as monitor the performance of Council's Risk Management Systems.
4. Meeting the full responsibilities of the Audit and Risk Committee as detailed in the Audit and Risk Committee Terms of Reference (Attachment 1).

DEFINITIONS

Nil

RELATED DOCUMENTS

1. *Local Government Act 2009;*
2. *Local Government Regulations 2012;*
3. *Financial Accountability Act 2009;*
4. *Financial and Performance Management Standard 2009;*
5. *Internal Audit Policy;*
6. *Council Policy: Risk Management; and*
7. *Scenic Rim Regional Council Enterprise Risk Management Guidelines.*

This policy supports the Scenic Rim Regional Council Corporate Plan 2018-2023, in particular Theme - Sustainable and Prosperous Economy.

Approved By:
SCENIC RIM REGIONAL COUNCIL
25 February 2019

Version Information

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Policy Reference Number: CM03.03CP
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Adoption/Approval Date: 25 February 2019
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Attachment 1**Audit and Risk Committee Terms of Reference****1. INTRODUCTION**

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- To provide strong and effective oversight of the internal audit function.
- To provide oversight of the implementation of accepted audit recommendations.
- To ensure that Council effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

3. MEMBERSHIP

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- 3.2 External independent members will have senior business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements. At least one member of the Committee will ideally have substantial experience in the public sector.
- 3.3 Expressions of Interest will be invited for appointment as external members of the Committee and to fill any casual vacancies for those positions which may arise during the term of the Committee. Nominations received will be reviewed by the Mayor, Deputy Mayor, Chief Executive Officer (CEO) and General Manager Council Sustainability. Where appropriate a shortlist of not more than five candidates may be prepared for Council's consideration, via a merit-based process. Appointments shall be made by Council resolution.

- 3.4 Appointments of the external members will be for a term of four years. Ideally the appointments should be staggered such that an external member is appointed every second year .
- 3.5 Council may at any time elect to extend the term of an external member by way of written notice.
- 3.6 If the Council proposes to remove a member of the Committee, it shall give written notice to the members of its intention to do so and, if that member so requests, provide the member with the opportunity to be heard.
- 3.7 External representatives will be remunerated for preparation for and attendance at Audit and Risk Committee meetings at a rate fixed by the Chief Executive Officer from time to time.

4. MEETINGS

- 4.1 The Audit and Risk Committee will conduct its operations at formal meetings to be held a minimum of twice in each financial year. An additional meeting to specifically consider a draft of the general purpose financial statement for the preceding financial year before the statements are certified and given to the Auditor-General under s212 of the *Local Government Regulation 2012* may also be scheduled.
- 4.2 The Chief Executive Officer will convene these meetings when requested by the Committee Chair and at such other times which are deemed to be appropriate to the conduct of Committee business and convenient to the members of the Committee.
- 4.3 At meetings, all members shall have full voting rights. The quorum for meetings of the committee is two members.
- 4.4 All Committee Meetings shall be held during Council business hours in the Council Chambers of Council's Public Office, 82 Brisbane Street, Beaudesert.
- 4.5 In addition to Committee Members, the following persons shall be invited to attend all Committee meetings as observers:
 - Internal Auditor
 - The person appointed by Queensland Audit Officer to conduct the External Audit for the current year.
 - Chief Executive Officer, General Managers and other relevant Council Officers.
 - General Manager Council Sustainability
 - Councilors who are not members of the Committee
- 4.6 The Committee may determine that any or all observers should be excluded from a particular meeting or part of meeting during consideration of a particular agenda item.
- 4.7 To remove any doubt, the Audit and Risk Committee is not a Committee of Council for the purposes of Chapter 8 Part 2 of the *Local Government Regulation 2012*. Audit meetings are held 'in camera', which means they are closed to the public and reports to and by the Committee are not publicly available.

5. ROLE AND AUTHORITY

- 5.1 The Audit and Risk Committee is appointed by, and is responsible to, Council. The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated authority. It does not have any management function and is therefore independent of management.
- 5.2 At its meetings the Committee will consider reports supplied regarding the following matters:
- The internal audit plan for the internal audit for the current financial year.
 - 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.
 - A draft of the local government's general purpose financial statement for the preceding financial year before the statement is certified and given to the Auditor-General under s212 of the *Local Government Regulation 2012*.
 - The Auditor-General's report about the local government's general purpose financial statement for the preceding financial year.
 - The performance of the organisation in managing financial and non-financial risks.
- 5.3 The Office of the Chief Executive Officer may provide a secretarial function to the Audit and Risk Committee. The CEO shall circulate the agenda, supported by explanatory documentation, to the Audit and Risk Committee members, and the External Auditors at least three (3) days before the meeting. Auditors are invited to contribute items for the Agenda.
- 5.4 All information supplied by Council and its officers for consideration at Committee meetings must be treated as being confidential to the local government (refer ss171, 171A and 200 of the *Local Government Act 2009*).
- 5.5 The Committee will have the right to request from management independent professional advice when considered necessary and obtain information from management and to consult directly with the auditors. However the Committee has no power to direct Council staff in the performance of their duties.

6. MEETING OUTCOMES

- 6.1 A report of the outcomes of each meeting will be prepared for endorsement by the Committee Chair and distributed to Committee members, within two weeks after the meeting.
- 6.2 The Chief Executive Officer will provide a report to the next available Ordinary Meeting of Council about the matters reviewed at the Audit and Risk Committee meeting and recommendations. Where requested by Council, the Committee Chair will provide further information regarding those recommendations.
- 6.3 The Committee shall report annually to Council summarising the activities of the Committee during the previous financial year. The Chair shall be in attendance to speak to Council.

7. REVIEW RESPONSIBILITIES

In addition to responsibilities conferred by Chapter 5, Part 11, Subdivision 2 of the *Local Government Regulation 2012*, the duties and responsibilities of the Audit and Risk Committee include, but are not necessarily limited to, the following:

7.1 Corporate Governance and Control:

- 7.1.1 Review and monitor the risk exposure of Council by determining if management has appropriate risk management, structure, controls, processes and adequate management information systems.
- 7.1.2 Review audit risk assessments and projects.
- 7.1.3 Review and recommend all significant changes to financial management policies.
- 7.1.4 Monitor compliance with important regulations relevant to Council's activities including statutory regulations for Council's subsidiaries.
- 7.1.5 Initiate special projects or investigations on any matter within its Terms of Reference or such other functions as assigned by Council or by the *Local Government Act 2009* or *Finance and Performance Management Standard 2009*.
- 7.1.6 Review and provide advice to Council on proposed changes to the Audit and Risk Committee's Terms of Reference at least every four (4) years.
- 7.1.7 Review processes and probity associated with significant procurement activities.
- 7.1.8 Review Council's draft annual financial statements for accuracy, completeness and timeliness.

7.2 External Audit – Queensland Auditor General:

- 7.2.1 At the completion of the interim and final external audits the Audit and Risk Committee shall meet to review the interim and final draft financial statements and the interim and final draft management letters focusing on:
 - Significant changes in financial management policies and practices.
 - Major judgmental areas.
 - Significant audit adjustments.
 - Proposed departures from accounting standards.
 - Council management comments reflected in the draft management letters.
 - To enquire from the External Auditors if there have been any significant disagreements with management irrespective of whether or not these have been resolved.

The responsible General Manager or delegates shall attend such meeting.

- 7.2.2 Prior to the commencement of an audit by the External Auditors, the Audit and Risk Committee should meet with them and review the scope of the proposed audit.

- 7.2.3 Review management responses to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.
- 7.2.4 Monitor the extent of reliance on Internal Audit work by the External Auditors to ensure completeness of coverage and the effective use of audit resources.
- 7.3. **Internal Audit:**
- 7.3.1 Review the Internal Audit Charter and any subsequent amendments and recommend for approval.
- 7.3.2 Review internal audit draft and/or final reports and findings.
- 7.3.3 Monitor the progress of the Internal Audit Annual Plan and review all recommendations in audits completed and review management's implementation of such recommendations.
- 7.3.4 Ascertain that the activities undertaken by Internal Audit are in accordance with the Internal Audit Charter.
- 7.3.5 Monitor whether Internal Audit is receiving the cooperation of all levels of management.
- 7.3.6 Monitor Internal Audit's performance.
- 7.3.7 Review the Internal Audit Charter to ensure it remains relevant to the operations of the Council.

**7.2 Audit and Risk Committee Meeting Outcomes - 28 November 2018
[Closed s.275(1)(h)]****Executive Officer: General Manager Customer & Regional Prosperity****Item Author: Governance Officer****File Reference: 04/02/001**

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with section 275(1)(h) of the Local Government Regulation 2012, which permits the meeting to be closed to the public for business relating to the following: -

- (h) other business for which a public discussion would be likely to prejudice the interests of the local government or someone else, or enable a person to gain a financial advantage

7.3 Regional Skills Investment Strategy Funding [Closed s.275(1)(e)]**Executive Officer: General Manager Customer & Regional Prosperity****Item Author: Co-ordinator Regional Marketing & Economic Development****File Reference: 08/06/001**

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with section 275(1)(e) of the Local Government Regulation 2012, which permits the meeting to be closed to the public for business relating to the following: -

- (e) contracts proposed to be made by it.

8. MISCELLANEOUS BUSINESS