

AUDIT AND BUSINESS IMPROVEMENT COMMITTEE POLICY

(ADMINISTRATIVE POLICY)

1 Scope:

This policy and the attached terms of reference applies to Councillors, external representatives and employees appointed to the Rockhampton Regional Council's Audit and Business Improvement Committee.

2 Purpose:

To provide the framework in which Council's Audit and Business Improvement Committee operates.

3 Related Documents:

Primary

Nil

Secondary

Local Government Act 2009

Local Government Regulation 2012

Internal Audit Policy

4 Definitions:

To assist in interpretation, the following definitions apply:

Audit Committee	A requirement under s105 <i>Local Government Act 2009</i> A specialist governance advisory committee comprising of Councillors and qualified external independent members to overview and monitor the financial reporting, corporate governance, risk and control and internal and external audit functions within Council.
CEO	<i>Chief Executive Officer</i> A person who holds an appointment under section 194 of the <i>Local Government Act 2009</i> . This includes a person acting in this position.
Chief Audit Executive (CAE)	The head of the internal audit function, reporting functionally to the Audit Committee, and responsible for management of audit activity, co-sourcing, directly responsible for all audit activity and supervision of auditors/audits and audit processes, independent of management. Responsible for compliance with the IPPF.
Co-Sourcing	Provision of specialist external audit or other review and assurance services, not otherwise available in-house, and managed by the CAE.

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Department: Office of CEO
Section: Governance Support
Page No.: Page 1 of 5

Council	Rockhampton Regional Council
Internal Audit Charter	The Council adopted document that gives the internal audit function its authority/delegated authority (to perform audits and reviews of Council and operations including review of staff/management performance). This defines the parameters of the operation of the internal audit function in more detail.

5 Policy Statement:

Council is committed to an open and accountable system of governance. In accordance with s105 of the *Local Government Act 2009*, Council must establish an Audit Committee which will meet no less than two times per financial year.

Council's Audit Committee is known as the Audit and Business Improvement Committee.

The Audit and Business Improvement Committee business will be conducted in accordance with the attached Terms of Reference and the relevant legislation.

6 Review Timelines:

This policy will be reviewed when any of the following occur:

- (a) The related information is amended or replaced; or
- (b) Other circumstances as determined from time to time by the Council.

7 Responsibilities:

Sponsor	Chief Executive Officer
Business Owner	Chief Executive Officer
Policy Owner	Chief Audit Executive
Policy Quality Control	Corporate Improvement and Strategy

**EVAN PARDON
CHIEF EXECUTIVE OFFICER**

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Department: Office of CEO
Section: Governance Support
Page No.: Page 2 of 5

Subject: Terms of Reference – Audit and Business Improvement Committee

File Ref: 8237

1 Purpose

The Audit and Business Improvement Committee is a formal advisory committee of Rockhampton Regional Council and provides direction and leadership on the functional responsibilities detailed in section 3 "Responsibilities".

2 Scope and Limitations

It is an advisory committee appointed by, and is responsible to, Council which provides Council with specialist high level advice, oversight and recommendations with respect to matters of financial reporting, corporate governance, risk and control, internal and external audit functions.

The Audit and Business Improvement Committee has no delegated authority and will make recommendations to Council for deliberation and adoption.

The main functions of the committee are to:

1. Monitor and review –
 - (i) The integrity of financial documents
 - (ii) The internal audit function
 - (iii) The effectiveness and objectivity of the local government's internal auditors;
 - (iv) The Terms of Reference for the Audit and Business Improvement Committee and
2. Make recommendations to the local government about any matters that the committee considers need action or improvement.

3 Responsibilities

The following is a list of functions assigned to the Audit and Business Improvement Committee:

- 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 of the *Local Government Regulation 2012*;
 - (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.

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Department: Office of CEO
Section: Governance Support
Page No.: Page 3 of 5

- Monitor the effectiveness of:
 - (i) The risk management and internal control framework
 - (ii) The corporate risk management system/risks
 - (iii) Key governance processes
 - (iv) Asset management
- Review reports on the activities and investigations of any significant fraud prevention and security related matters;
- Review and monitor whether the audit process is effective;
- Ensure the objectivity and independence of the audit functions;
- Critically review timely and reasonable implementation of management's agreed upon responses to audit's recommendations, findings and advice;
- The Audit and Business Improvement Committee will self-assess annually; and
- Review any other matters referred to it by the Chief Executive Officer.

4 Membership

In accordance with s210 of the *Local Government Regulation 2012*, an Audit Committee of a local government must –

- (a) consist of at least three and no more than six members; and
- (b) include –
 - (i) one, but no more than two, Councillors appointed by the local government; and
 - (ii) At least one member who has significant experience and skills in financial matters.

The membership of the Audit and Business Improvement Committee is as follows:-

- (a) 2 Councillors
- (b) 3 Independent External Members with appropriate qualifications and experience

In accordance with section 210(3) of the *Local Government Regulation 2012*, the local government must appoint one member of the Audit Committee as chairperson.

Best practice indicates the chair should be one of the independent external members.

In accordance with s266 of the *Local Government Regulation 2012*, an Audit Committee may appoint one person as an alternate member of the committee. An alternate member is a person who attends meetings of the committee and acts as a member of the committee only if another member of the committee is absent. Other elected members of Council may participate in committee meetings, with approval from the Chairperson or a majority vote of committee members in attendance, however, will not be a member and will not have voting rights.

In accordance with s210(2) of the *Local Government Regulation 2012*, The CEO cannot be a member of an Audit Committee but can attend meetings of the committee.

Representatives from external audit will be invited to attend the meetings, however, will not be a member and will not have voting rights.

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Version: 8
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Department: Office of CEO
Section: Governance Support
Page No.: Page 4 of 5

5 Role of Chair

The Committee Chair will assume overall responsibility for the good governance and order of the committee.

6 Voting

Motions are decided on by a majority of the votes of the members present.

If the votes are equal, the Committee Chair will have a casting vote.

7 Quorum

A quorum of the committee is a majority of its members. However, if the number of members is an even number, one half of the number is the quorum.

8 Meetings

The Audit and Business Improvement Committee will meet at least twice each financial year in accordance with s211 of the *Local Government Regulation 2012*.

Meetings, including reports, will be closed to the public, unless resolved by the committee.

9 Agendas for Meetings

The CEO and Chief Audit Executive will determine the agenda order presented to a committee meeting.

The agenda for will be distributed in accordance with s258 (Notice of meetings) of the *Local Government Regulation 2012*.

10 Administrative Support

Administrative functions to the committee will be provided by the Governance Support unit.

**EVAN PARDON
CHIEF EXECUTIVE OFFICER**

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Section: Governance Support
Page No.: Page 5 of 5