

AGENDA ITEM 12.1 ATTACHMENT

GEORGE TOWN COUNCIL AUDIT PANEL CHARTER

George Town Council

Audit Panel Charter

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1. INTRODUCTION

The Council has established the George Town Council Audit Panel (the Audit Panel) in compliance with Division 4 of the *Local Government Act 1993* (the Act), the Local Government (Audit Panels) Order 2014 (the Order) and the Local Government (Audit Panels) Amendment Order 2015, as amended from time to time.

This Charter has been developed in cooperation with local government Audit Panel Working Group and sets out the Audit Panel's objectives, authority, composition, tenure, functions, reporting and administrative arrangements.

2. OBJECTIVE

The objective of the Audit Panel is to:

- assist Council in providing a transparent and independent process to ensure accountability to the community in the governance, management and allocation of resources; and
- review the council's performance under section 85A of the Act and report to the council its conclusions and recommendations.

3. DEFINITIONS

- *Audit Panel* - the George Town Council Audit Panel as stipulated in section 1 of this document.
- *Audit Panel Working Group* – consists of general managers/or delegate and financial managers representing the Break O'Day, West Tamar, Meander Valley and George Town Councils.
- *Council* - the George Town Council.
- *Financial Manager* – the Team Leader – Corporate and Finance.
- *General Manager* - the General Manager of the George Town Council as appointed from time to time.
- *Independent person* - a person who is not a councillor or employee of the George Town Council and has not been a councillor or employee of council within the previous 2 years.
- *Part 7 plan* - a strategic plan, an annual plan, a long term financial management plan or a long term strategic asset management plan of a council prepared under Division 2 of part 7 of the Act.
- *The Act* - the *Local Government Act 1993* as amended.
- *The Orders* - the Local Government (Audit Panels) Order 2014 Statutory Rules 2014 and the Local Government (Audit Panels) Amendment Order 2015, as amended.

4. AUTHORITY

The Council authorises the Audit Panel, within its responsibilities, to:

- obtain any information it requires from any employee (subject to operational constraints, prior approval of the employee's appropriate manager and any legal obligation to protect information);
- obtain any information it requires from any external party (subject to any legal obligation to protect information);
- discuss any matters with the Tasmanian Audit Office, or other external parties (subject to confidentiality considerations);

- request the attendance of any employee at Audit Panel meetings (subject to operational constraints and the prior approval of the employee's appropriate manager);
- request the attendance of any members of the council at Audit Panel meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities (subject to prior approval by the Mayor or General Manager).

The Council will include an allocation in its Annual Plan and Budget Estimates to allow the Panel to conduct investigations as deemed necessary and according to an Audit Plan approved by Council.

5. COMPOSITION

The Audit Panel comprises a minimum of 3 and a maximum of 5 members appointed by the council, of whom:

- if the panel has 4 or 5 members, at least 2 must be independent persons; or
- if the panel has 3 members, at least 1 must be an independent person.

The council will appoint an independent member as the Chairperson of the Audit Panel.

Council may appoint an alternative member Councillor to attend meetings of the Audit Panel when a member Councillor is unable to attend. The alternative member Councillor may only attend Audit Panel meetings in the capacity of alternative member when and if a member Councillor is unable to attend.

A councillor, or employee, of a council is not eligible to be a member of an audit panel of another council.

6. TENURE

If the incumbent resigns prior to the expiry of their term Council will appoint a replacement at the earliest convenient time.

Subsequent councillor appointments to the Audit Panel shall be for a period not exceeding two years.

Councillor member terms will be aligned with Council's election cycle with positions to become vacant directly following a Council election.

Independent members shall be appointed for a term of up to 2 years. If the independent member of the Panel resigns Council will appoint a replacement at the earliest convenient time.

Audit Panel members may be re-appointed at the approval of Council and consideration will be given to the benefits of the Audit Panel maintaining some continuity of knowledge and experience.

7. QUALIFICATIONS AND SELECTION OF INDEPENDENT MEMBERS

Independent members of the Audit Panel are to possess:

- Good business acumen
- Sound management skills
- Good communication skills
- Knowledge and expertise in audit practices

- Knowledge and expertise in financial management
- Experience with governance processes including but not limited to risk management.

Knowledge of and skills in government, local government, not for profit organisations and organisations requiring a high degree of legislative compliance and delivery of projects and processes which offer solutions to complex community service obligations will be highly desirable in panel members.

Calls for independent members to apply for a position on the Audit Panel shall be publicly advertised in the first instance.

The selection process for independent members will be determined and undertaken by Council and supported using Council's existing recruitment and selection processes.

8. FUNCTIONS

To comply with the Orders, when reviewing the Council's performance the Audit Panel is to consider:

- the Council's financial system, financial governance arrangements and financial management;
- whether the annual financial statements of the Council accurately represent the state of affairs of the council;
- whether and how the strategic plan, annual plan, long-term financial management plan and long-term strategic asset management plans of the council are integrated and the processes by which, and assumptions under which, those plans were prepared;
- the accounting, internal control, anti-fraud, anti-corruption and risk management policies, systems and controls that the council has in relation to safeguarding its long-term financial position are appropriate;
- whether the council is complying with the provisions of the Act and any other relevant legislation; and
- whether the council has taken any action in relation to previous recommendations provided by the Audit Panel to the council and, if it has so taken action, what the action was and its effectiveness; and
- any other activities within the panel's remit, as determined by the panel.

In fulfilling its functions, the Audit Panel should consider the following key areas:

- corporate governance;
- systems of internal control;
- risk management frameworks;
- human resource management, including policies, procedures and enterprise agreements;
- procurement;
- information and communications technology governance;
- management and governance of the use of data, information and knowledge; and
- internal and external reporting requirements.

9. RESPONSIBILITIES OF PANEL MEMBERS

Members of the Audit Panel are expected to understand and observe the legal requirements of the Act and the Order. Members are also expected to:

- act in the best interests of the Council as representatives of the community;
- apply sound analytical skills, objectivity and judgment;
- express opinions constructively and openly;
- raise issues that relate to the Audit Panel's functions and pursue independent lines of enquiry; and
- contribute the time required to review the papers provided.

10. REPORTING

The Audit Panel is to provide a copy of its meeting minutes to the council as soon as practicable after every Audit Panel meeting, preferably for the ordinary council meeting following the Audit Panel meeting

If the Audit Panel has conducted a review under section 85A of the Act, the Audit Panel must provide a written report of its conclusions and recommendations to the council as soon as possible.

The Audit Panel must provide an annual report to the Council that comprises, at least:

- a summary of the work undertaken and significant findings during the past year;
- a review of the Panel's Charter and, if required, recommended changes to the Council for its approval;
- an update on the membership of the Panel, in particular if there have been or may be change;
- the significant aspects of the Panel's deliberations for the coming year, together with a proposed work plan for the coming year; and

11. • ANY OTHER MATTERS DEEMED, BY THE PANEL, AS REQUIRING THE COUNCIL'S ATTENTION. ADMINISTRATIVE ARRANGEMENTS

11.1 MEETINGS

The Audit Panel will meet at least four times per year.

The Chairperson must seek council approval prior to holding more than four meetings per year.

The Chairperson must seek council approval to hold additional meetings if asked to do so by at least two members of the Panel.

The Audit Panel is to regulate its own proceedings in accordance with this Charter.

The Chairperson may determine that a meeting is to be held in private.

The General Manager and Finance Manager, or their delegates, are to attend Audit Panel meetings unless the Chair determines a meeting is to be held in private.

Subject to Section 4 the Audit Panel may invite any councillor and/or employee of the council and/or representative of the Tasmanian Audit Office to attend meetings of the Audit Panel.

11.2 QUORUM

A quorum of an Audit Panel meeting will consist of the majority of members and must include at least one independent member.

11.3 WORK PLAN

Prior to 1 July each year the Audit Panel is to develop an annual work plan that includes, but is not limited to, a schedule of meetings and the known objectives for each meeting.

The forward meeting schedule should include the dates, location, and proposed agenda items for each meeting for the forthcoming year, and cover all the functions of the Audit Panel outlined in this Charter.

11.4 SECRETARIAT

The council, in consultation with the Audit Panel, will appoint a person to provide secretariat support to the Audit Panel. The secretariat will:

- ensure the agenda for each meeting is approved by the Chair;
- endeavour to ensure the agenda and supporting papers are circulated at least one week prior to the meeting; and
- ensure the minutes of the meetings are prepared and submitted to the council as soon as practicable after each meeting.

The Financial Manager or nominee will arrange for any necessary information and technical support to be provided to the Panel to enable its functions.

11.5 INTERESTS

Audit Panel members must declare any real, potential or perceived pecuniary or non-pecuniary interests that may affect them in carrying out their functions. The Audit Panel member with the interest must also notify the General Manager of the Council, in writing, of the interest within seven days of declaring the interest.

Independent members are to consider past employment, consultancy arrangements and related party issues in making these declarations.

A standing item for declarations of interests should be included in all panel meeting agendas.

The Chairperson of the Audit Panel is to ensure that the declaration of an interest is recorded in the minutes of the meeting and any relevant written report.

11.6 CONFIDENTIALITY

Panel members must maintain the confidentiality of any information, documents and communication that the Council or Panel has designated as being in confidence, and only access Council information in order to perform their role as a Panel member.

11.7 CODE OF CONDUCT

Audit Panel members are to abide by standards of behaviour in the Code of Conduct for Members of the Audit Panel (Appendix 1).

11.8 INDUCTION

The council will provide new Audit Panel members with relevant information and briefings on their appointment to assist them to meet their Audit Panel responsibilities.

11.9 PERFORMANCE EVALUATION

The Audit Panel will undertake an annual performance evaluation of its work and provide a report and any recommendations in relation to the evaluation to Council.

The performance evaluation will review the extent to which the Audit Panel has met its responsibilities under this charter and in accordance with the Act and the Order.

12 RENUMERATION

Independent members of the Audit Panel shall be paid an annual fee and/or a sitting fee per meeting attended as approved by Council at the time of appointment.

The Chair of the Audit Panel shall be paid an additional annual fee and/or sitting fee per meeting attended as approved by Council at the time of appointment.

Fees will be reviewed annually as part of the annual budget estimates process.

Council will include independent members of the Audit Panel in its professional indemnity insurance coverage for the services provided to Council.

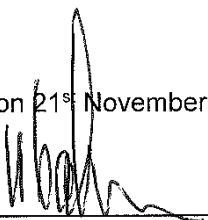
13 REVIEW OF CHARTER

The Audit Panel Working Group will review this Charter at least every four years. The outcomes and recommendations from this review will be provided to council for information and approval.

14 APPROVAL

Approved by the Council on 21st November 2018 (187/18)

Signed:



Acting General Manager

APPENDIX 1: CODE OF CONDUCT FOR MEMBERS OF THE AUDIT PANEL

This code of conduct sets out the standards of behaviour expected of the George Town Council's Audit Panel members (members). The standards support the characteristics of good governance outlined in the Good Governance Guide for Local Government in Tasmania (reference below).

As an independent source of scrutiny in the interests of the community, the Audit Panel provides checks and balances on key Council activities and a means of highlighting issues that require strategic attention.

Councillors who are members of the Audit Panel are in a unique position and have an obligation to maintain an Audit Panel perspective in the interests of the community when they discharge their duties as Panel members, i.e. they must display independence of mind, separate from their role as a Councillor.

In performing their role on the Audit Panel, and in acting in the best interests of the community, all members of the Audit Panel commit to the following standards.

1. Effective management of conflicts of interest

Members avoid conflicts of interest that arise between their personal interests and their public duty as an Audit Panel member, as far as reasonably possible. This includes pecuniary and non pecuniary conflicts of interest (actual, potential or perceived). Where avoidance is not possible, members appropriately manage conflicts of interest. Members are responsible for acting in good faith and exercising reasonable judgment to manage conflicts of interest, including the offer or receipt of gifts and benefits.

Council members may at times deal with conflicts of interest as a consequence of their dual roles as an audit panel member and a councillor. This may present as a conflict between the interests of the community (as seen from the Audit Panel perspective).

All members will regularly provide advice of their actual, potential and perceived conflicts to the panel.

2. Proper use of Council information

Members maintain the confidentiality of any information, documents and communication that the Council or panel has designated as being in confidence. Members only access Council information needed for them to perform their role as a panel member and not for personal interests or reasons.

3. Proper use of position

Members perform their role in the best interests of the Council and the community. Members operate within the intended scope of the Audit Panel (as outlined in the Audit Panel Charter) and adhere to relevant Council policies and procedures.

4. Appropriate interactions

Members act ethically and treat all persons with fairness and respect. Members conduct themselves in a way that positively represents the panel, and is in the best interests of the Council and the community. Members interact appropriately with fellow members, councillors, Council staff and the community, and give full respect and consideration of to all relevant information known to them. Members should not interact directly with Council staff without the prior approval of the panel and the general manager.

Further information on the ethical standards covered in this code of conduct, and the terminology used, can be found in the Good Governance Guide for Local Government in Tasmania: (www.dpac.tas.gov.au/divisions/local_government).