

AUDIT PANEL CHARTER

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The Derwent Valley Council has established the Audit Panel in compliance with Division 4 of the *Local Government Act 1993*, the *Local Government (Audit Panels) Order 2014* and the *Local Government (Audit Panels) Amendment Order 2015*.

LEGISLATION

The Local Government Act 1993

Local Government (Audit Panels) Order 2014

Local Government (Audit Panels) Amendment Order 2015

Audit Act 2008

DEFINITIONS

Term	Definition
Council	Derwent Valley Council.
Councillor	A current serving elected member of the Council.
Chairperson	The chairperson of the Audit Panel appointed by Council in accordance with the <i>Local Government (Audit Panels) Order 2014</i>
Employee of council	Any person employed, hired, or contracted by the Council to undertake works or services on behalf of the Council
Financial statements	The annual financial statements required by section 84 of the Act and produced in accordance with the <i>Audit Act 2008</i>
General Manager	the General Manager of the Council
Member	A member appointed to the Audit Panel that is either a Councillor/Alderman or an independent person
Panel	the Audit Panel established by the Council under section 85(1) of the <i>Local Government Act 1993</i>

1. OBJECTIVE OF THE PANEL

The objective of the Audit Panel is to review Council's performance under section 85A of the *Local Government Act 1993* and report to Council its conclusions and recommendations.

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2. AUTHORITY

Subject to there being sufficient available funds in the budget allocated by the Council for the operations of the Audit Panel, the Council authorises the Panel, within its scope of functions and responsibilities, to:

- 2.1 obtain any information it needs from any employee and/or external party (subject to the Panel's legal obligation to protect information);
- 2.2 discuss any matters with auditors, or other external parties (subject to confidentiality considerations);
- 2.3 request the attendance of the General Manager or any other Council employee at panel meetings; and
- 2.4 obtain external legal or other professional advice at the expense of the council where it considers such consultation is necessary to carry out its functions and responsibilities.

The General Manager will have direct access to the Panel Chairperson for the purpose of raising concerns about matters within the functions and responsibilities of the Panel.

3. COMPOSITION AND TENURE

The membership of the Audit Panel will consist of a maximum of five members who shall be the following:

- a. two Councillors; and
- b. up to a maximum of three independent persons.

The tenure of a member will be for a maximum of eight years.

The Chairperson of the Audit Panel will be one of the independent members as appointed by the Council.

Acting Chairperson – in the absence of the Chairperson one of the other independent members will act as the Chairperson.

A person who is an employee, or the General Manager, or the Mayor of the Council is not eligible for appointment as a member of the panel.

A person who is an employee or councillor of another municipal council is not eligible for appointment as a member of the panel.

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4. FUNCTIONS

The function of the Derwent Valley Council Audit Panel is to review the Council's performance with regard to the following matters:

- 4.1 the annual financial statements of the Council accurately represent the state of affairs of the Council;
- 4.2 the strategic plan, annual plan, long term strategic asset management plans of the Council are integrated and the processes by which, and assumptions under which, those plans were prepared;
- 4.3 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;
- 4.4 whether the Council is complying with the provisions of the *Local Government Act 1993* and any other relevant legislation; and
- 4.5 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 that action was and its effectiveness.

In carrying out the functions above regard may be had to any guidelines issued by the Director of Local Government in relation to Audit Panels.

5. KEY AREAS

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

- 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.

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6. RESPONSIBILITIES OF PANEL MEMBERS

Members of the Audit Panel are expected to understand and observe the legal requirements of the *Local Government Act 1993*, *Local Government (Audit Panels) Order 2014* and *Local Government (Audit Panels) Amendment Order 2015*. Members are also expected to:

- a) Act in the best interests of the council;
- b) Apply sound analytical skills, objectivity, and judgement;
- c) Express opinions constructively and openly, raise issues that relate to the Audit Panels' functions and pursue independent lines of enquiry;
- d) Contribute to the time required to review the papers provided; and
- e) Comply with the Council's Code of Conduct for Councillors and Audit Panel Code of Conduct.

7. REPORTING REQUIREMENTS

The Audit Panel is to provide a copy of its meeting minutes to the Council as soon as practicable after each Audit Panel meeting.

If the Audit Panel has conducted a review under section 85A of the *Local Government Act 1993*, the Audit Panel must provide a written report of its conclusions and recommendations to the Council as soon as practicable after the review is completed.

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
- any other matters deemed, by the Panel, as requiring the Council's attention.

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8. QUALIFICATIONS AND SELECTION PROCESS MEMBERS

Independent Members

The independent members of the Audit Panel will possess the following skills and attributes:

- one or more of a professional qualification and practical experience in accounting, financial management, legal, risk management and/or compliance experience
- strong business acumen;
- management skills and experience; and
- strong communication skills.

The process of appointment will be as follows:

- expressions of interest will be advertised publicly;
- expressions of interest are to be in writing and to address the skills and attributes required and state their qualifications and experience;
- the Mayor and General Manager are to make a recommendation to Council;
- the decision with respect to appointment of independent members is with Council.

Councillor Members

The process of appointment for Councillor members will be as follows:

- The Mayor will invite expressions of interest for membership of the Panel
- The expressions of interest will be considered at the next ordinary Council meeting

If the number of nominations for Panel membership exceeds the number of vacancies, a ballot be undertaken to identify the Members for appointment to the Audit Panel.

The ballot be conducted on the following basis:

- a) The ballot be conducted as a secret ballot where Councillors vote on provided ballot papers.
- b) To be valid, a vote must be cast as follows:
 - 3 for most favoured candidate
 - 2 for next favoured candidate
 - 1 for next favoured candidate
- c) The votes cast will be counted and accumulated against each candidate.
- d) The two Councillors achieving the highest number of accumulated vote totals be identified for nomination to Council for appointment as Members of the Panel.
- e) In the event of a tied vote such that election of the two Panel Members cannot be determined then:
 - i. the Councillors achieving the most accumulated votes will be determined as identified for nomination to Council for appointment to the Panel, and;
 - ii. an election will be held a second time only in respect of the candidates who have tied and to be valid a vote must be cast for all candidates on the ballot

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- paper with the highest vote reflecting the most favoured candidate down to the lowest vote (1) for the least favoured candidate.
- iii. The Councillor(s) who achieves the highest number of accumulated vote totals in the second election will be determined as identified for nomination to Council for appointment to the Panel.
 - f) If after the second round of voting a candidate does not achieve the most accumulated votes and the vote is still tied, the election for the number of positions not otherwise determined as elected, will be determined by the drawing of lots between the candidates who have tied with the candidate(s) whose name(s) is/are drawn from the lot being declared nominated to Council for appointment to the Panel.
 - g) The ballot papers be destroyed following the election of the Members.

The General Manager is to appoint a Returning Officer to conduct the ballot.

The Council may remove any Member from the Panel and may appoint another Member in his / her stead.

The Council may from time to time vary the number of Members constituting the Panel

The Panel may co-opt a Councillor as a member for a meeting if a normal member of the Panel is absent for a period of at least 2 or more consecutive meetings.

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9. TERMS OF THE PANEL APPOINTMENTS

Each Member of the Committee shall hold office for a term of not less than one year and not more than four years as is specified in the member's instrument of appointment.

The office of any Member shall be reviewed by Council if such Member is absent from two (2) consecutive Meetings without leave obtained from the Council or granted by Council.

Audit Panel members may be re-appointed for a further term only with the approval of the Council.

10. MEETINGS AND PROCEEDINGS OF THE PANEL

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

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

The Chairperson is required to call a meeting if requested to do so by the Council, or another Panel member. Meetings of the Panel are to be held during normal Council office hours.

Meetings of the Panel are closed to the public.

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

The Audit Panel may invite any Council member, staff member of the Council or a representative of the Tasmanian Audit Office to attend meetings of the Audit Panel or to provide information and advice.

11. QUORUM

The Quorum of the Panel shall consist of one more than half of the Members if there is an even number of Members, or a majority of the whole number if there is an uneven number of Members. A quorum must include at least one Councillor and one independent member.

12. ANNUAL WORK PLAN

The Audit Panel is to develop an annual work plan that includes, but is not limited to:

- a schedule of meetings including dates, times, and locations
- the objective of each meeting
- proposed agenda items for each meeting

The annual work plan should clearly set out how the Panel intends to discharge its functions.

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13. ADMINISTRATIVE SUPPORT

The General Manager, in consultation with the Audit Panel, will appoint a Council Officer to provide administrative support to the Audit Panel. The Officer will:

- Prepare and distribute, in consultation with the Chairperson, the agenda and supporting papers for each meeting to panel members at least one week prior to the meeting; and
Prepare and distribute the minutes of the meetings to members of the panel and submit to the Council as soon as practicable after each meeting.

14. 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.

15. REMUNERATION

Each independent member of the Panel is to be paid a fee of \$250.00 per meeting (with Hobart CPI year ending March applicable for future years (DN 28/16)).

16. CONFLICT OF INTEREST

At the beginning of each Audit Panel meeting, Members are required to declare any potential or actual interest within the meaning of Part 5 of the *Local Government Act 1993* or any non-pecuniary interest that may apply to specific matters on the meeting agenda. The member will be excused from the Audit Panel's consideration of the relevant agenda item(s). Details of potential or actual interests declared by members will be appropriately minuted.

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

17. SPEAKING AND VOTING RIGHTS

Subject to Conflict of Interest each member shall have full rights to discuss and vote upon any matter before the Panel.

18. DECISIONS

All motions shall be determined by a majority of Panel members present and entitled to vote.

19. CONDUCT OF DEBATE

The Panel may determine any other procedures relating to its meetings it considers appropriate.

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20. CLOSED MEETING & CONFIDENTIAL INFORMATION

Information provided to members for the purposes of the Audit Panel is provided on the basis that it be kept confidential, unless otherwise authorised by Council, and Section 338A of the *Local Government Act 1993* applies to that information.

21. REVIEW OF CHARTER

The Panel is to conduct a review of the content and continuing adequacy of this Charter every 2 years providing Council with a recommendation for any changes.

Any amendments to the Charter are to be made by resolution of the Council.

22. PANEL PERFORMANCE EVALUATION

The Chairperson of the Audit Panel, in consultation with the Council, will initiate a review of the performance of the Panel at least once every two years.

The review will be conducted on a self-assessment basis (unless otherwise determined by the Council) with appropriate input sought from Panel members, the General Manager, the auditors, management, and any other relevant stakeholders, as determined by the Council.

AUDIT PANEL CODE OF CONDUCT

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Model code of conduct for members of the Audit Panel

This code of conduct sets out the standards of behaviour expected of the Derwent Valley 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 Derwent Valley Council's Audit Panel, and in acting in the best interests of the community, all members of the Derwent Valley Council 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.

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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.

The Council has policies and procedures to provide additional guidance for members where indicated.

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).