



Audit Committee Charter

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Table of Contents

1. INTRODUCTION	2
2. PURPOSE	2
3. AUTHORITY	2
4. INDEPENDENCE AND ACCESS.....	2
5. MEMBERSHIP	3
6. SCOPE OF INTERNAL AUDIT ACTIVITIES.....	3
6.1 Members.....	3
6.2 Risk Management	3
6.3 External Auditor Activities	4
6.4 Internal Audit Activities	4
6.5 Other Matters	4
7. MEETING, RECORDS AND REPORTING STRUCTURE.....	4
8. SELF EVALUATION	5

1. INTRODUCTION

The *Local Government Act 2009* (the Act) requires Bulloo Shire Council to have and maintain an Audit Committee. This Charter defines the responsibilities of the Audit Committee and explains the role of the Committee within Council.

The Audit Committee was established in accordance with Subdivision 2, Section 208-211 of the Local Government Regulation 2012. It has no authority in itself and does not replace the management responsibilities of Executive Management, but rather acts as a source of independent advice to the Chief Executive Officer (CEO) and to Council. It in no way diminishes management's responsibility to maintain an adequate governance and internal environment control system and manage risks and rather should assist in maintaining transparency and accountability in Council financial management and reporting processes.

2. PURPOSE

The primary objective of the Committee (Advisory Body) is to assist Council in fulfilling its oversight responsibilities relating to accounting and reporting requirements imposed under the Act and other relevant legislation.

These terms of reference set the principles and standards for the Audit Committee to:

- Enhance the ability of Councillors to fulfil their legal responsibilities.
- Enhance the objectivity and effectiveness of the Council's Internal Audit Function.
- Oversee the application of appropriate accounting and disclosure policies and procedures.
- Provide a communication link between management, internal auditors/external auditors, and Council.
- Promote the need for public accountability of managers to Council, the community, and other interested parties.
- Support measures to improve governance, risk, and internal controls.

3. AUTHORITY

The Audit Committee has the authority to conduct or authorise investigations into matters within its scope of responsibility.

In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and CEO as defined by the Act.

4. INDEPENDENCE AND ACCESS

The Committee will need to liaise closely with management and internal and external auditors to carry out its responsibilities. Whilst the primary responsibility for financial and other reporting, internal controls and compliance with laws, regulation, and ethics within Council rests with management, the Audit Committee may exercise a monitoring and review role.

The Committee will have unrestricted access to all information, including documents and personnel, and have adequate resources in order to fulfil its oversight responsibilities, subject to any other legal requirements and relevant information in the normal course of duties.

Requests for Council officers and employees to attend an Audit Committee meeting or provide information will be undertaken through the CEO and be in accordance with Council policies.

The Committee will maintain its independence from the day-to-day operations of Bulloo Shire Council.

5. MEMBERSHIP

- The Committee will be comprised of a minimum of four members who shall be determined by Council. At least one member of the Committee shall have significant experience and skills in financial matters.
- Further:
 - two of the members will be Councillors.
 - one member a senior Council officer who is not the CEO or a Financial Officer who is considered by Council to have the necessary qualifications or interest in serving on the Committee.
 - the Committee Chairperson must be an independent person appointed to the Committee.
 - at least one other independent member (excluding the chair).
- In the event of a tied vote, the Chairperson may exercise a casting vote on any resolution.
- The Committee has the ability to co-opt any person as Advisors, from time to time or for a particular period, subject to reasonable budget limitation.
- The External Auditor, Internal Auditor, Advisors and Ex-Officio attendees are non-voting observers.
- The Mayor, CEO, Accountant and Manager Admin and Finance are permanent invites and are non-voting observers.
- Other Council officers should attend as required by the Audit Committee.

6. SCOPE OF INTERNAL AUDIT ACTIVITIES

The responsibilities of the Committee are to:

6.1 Members

- Understand the relevant legislation and regulatory requirements appropriate to Bulloo Shire Council.
- Contribute the time as needed to study and understand the papers provided.
- Express opinions frankly and pursue independent line of enquiry.

6.2 Risk Management

- Review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business operational and strategic and financial risks, including fraud.
- Review the impact of the risk management framework on its control environment and insurance arrangements.

6.3 External Auditor Activities

- Oversee Council compliance with the Act and other relevant legislation requirements for financial reporting.
- Review the scope of the total audit activities with the external auditors
- Review of effectiveness of the annual audit, to ascertain whether emphasis is being placed on areas where the committee management of the auditors believe special attention is necessary.
- Review management responses to audit reports and the extent to which external audit recommendations concerning internal accounting controls and other matters are implemented.
- Review the final draft financial statement prior to submission to the Auditor-General for auditing.

6.4 Internal Audit Activities

- Review the effectiveness of the control environment established by management.
- Review the internal audit charter to ensure appropriate organisational structures, authority, access, and reporting arrangements in place.
- Review the annual internal audit plan to assess that it covers the material business risks for the Council.
- Monitor the effectiveness and objectivity of the Local Government's internal auditors.
- Review internal audit progress reports.
- Monitor the implementation of internal audit recommendations by management.

The Audit Committee's responsibilities do not extend to managing the day-to-day activities of the internal audit function. This is a function which is carried out by the CEO.

6.5 Other Matters

Review the effectiveness, reliability and timeliness of management information being provided to the Council.

- Members are required to declare any interests that could constitute a real, potential, or apparent conflict of interest with respect to participation on the committee. The declaration must be made on appointment to the committee and in relation to specific agenda items at the outset of each committee meeting and be updated, as necessary.
- Review policies and procedures in relation to conflict of interest, misconduct, fraud, and other related sensitive issues.
- Recommend special projects or investigations on any matter within its terms of reference.
- Review and recommend as necessary changes to the Committee's Charter at least every two (2) years.

7. MEETING, RECORDS AND REPORTING STRUCTURE

- The Committee shall meet at least twice each financial year. The CEO will set the date, time, and place for the meetings. Before setting the date, time and place for the Committee meeting, the CEO must, if practical, consult with the Chairperson and Committee. In addition, the CEO may call a meeting if requested to do so by any Committee member, or the internal or external auditors.
- A quorum shall consist of at least half of the members..
- The external auditors shall be given a notice of all meetings and sent an agenda. The external auditors shall have the right to attend and speak.
- The Executive Assistant to the CEO will provide secretarial functions to the meetings.
- The Chairperson has the right to meet with internal and/or external auditors without management being involved.
- The Audit Committee Minutes shall be presented at the next available Ordinary Council Meeting.
- All meetings of the Audit Committee are deemed to be meetings to which provisions of sections 275(1) Local Governance Regulations 2012 applies and accordingly will be closed to the public.

8. SELF EVALUATION

- At least once every two (2) years, the Audit Committee should assess the performance and achievement of the Committee for the previous period and ensure that it is meeting its objectives efficiently and effectively.
- Where this evaluation highlights a need for enhancements to the role, operational processes or membership of the Committee, the Chairperson should take action to ensure such enhancements are implemented.