



HUON VALLEY COUNCIL

Audit Panel Charter

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Legislative Reference	Section 85 of the <i>Local Government Act 1993</i>
Delegations	Nil
Strategic Plan Reference	5
Date of review	At least once every 2 years
Previous policies withdrawn or amended	Nil
Department responsible for implementation	General Counsel
Department responsible for policy	General Counsel
Publication of policy	A copy of the Huon Valley Council Audit Panel Charter will be placed on the Council's website and copies made available free of charge from Council's Customer Service Centre.

The Council by resolution has appointed the Audit Panel pursuant to section 85 of the *Local Government Act 1993* and the *Local Government (Audit Panels) Order 2014*.

This charter sets out the following for the Audit Panel:-

- Objective of the Panel
- Level of Authority
- Composition and tenure
- Roles and responsibilities
- Reporting and administrative arrangements

1. DEFINITIONS

“**Council**” means the Huon Valley Council.

“**Council Officer**” means a current employee of the Council.

“**Councillor**” means a current serving elected member of the Council.

“**Closed**” in reference to a meeting means the part of a meeting which is to be closed to exclude members of the public in accordance with Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015*.

“**Chief Executive Officer**” means the General Manager of the Council appointed pursuant to section 61 of the *Local Government Act 1993*.

“**In camera**” in reference to a meeting means the part of a meeting that all persons are to be excluded from apart from Audit Panel members or persons directed by the Audit Panel members.

“**Member**” means a member of the Panel appointed under Clause 5.

“**Panel**” means the Audit Panel established by the Council, pursuant to section 85 of the *Local Government Act 1993* and the *Local Government (Audit Panels) Order 2014*.

2. OBJECTIVE OF THE PANEL

The objective of the Panel is to assist Council and the Chief Executive Officer in providing an independent process in its financial and risk management practices to ensure accountability to the community in the governance, management and allocation of resources.

The Panel is to ensure there is an adequate and effective system of internal controls throughout Council.

3. RESPONSIBILITIES OF PANEL MEMBERS

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

- 3.1 Act in the best interests of the council;
- 3.2 Apply sound analytical skills, objectivity and judgement;

- 3.3 Express opinions constructively and openly, raise issues that relate to the Audit Panels' functions and pursue independent lines of enquiry; and
- 3.4 Contribute to the time required to review the papers provided; and
- 3.5 Comply with any Code of Conduct for Members of the Audit Panel as adopted by the Council from time to time
- 3.6 Maintain confidentiality of the Panel's proceedings.

4. FUNCTIONS OF THE PANEL

The function of the Huon 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 representing the state of affairs of the Council;
- 4.2 the strategic plan, annual plan, long term strategic asset management plans of the Council being integrated and the processes by which, and assumptions under which, those plans were prepared are appropriate;
- 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 ensuring the Council is complying with the provisions of the Act and any other relevant legislation;
- 4.5 ensuring the Council has taken 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; and
- 4.6 Enquiring into any other activities within the Panel's remit.

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. COMPOSITION AND TENURE

- 5.1 The membership of the Audit Panel will consist of four members who shall be the following
 - a. two Councillors; and
 - b. two independent persons.
- 5.2 The Chairperson of the Audit Panel will be one of the independent members as appointed by the Council;
- 5.3 Acting Chairperson – in the absence of the Chairperson the other independent member will be the Acting Chairperson.
- 5.4 The Council's Mayor, Chief Executive Officer or other Council staff and the staff of any other Councils are not entitled to be a member of the Audit Panel.

6. QUALIFICATIONS AND SELECTION PROCESS MEMBERS

6.1 Desirable Skills and experience

6.1.1 Members

The Audit Panel should collectively reflect a balance of professional skills, knowledge and technical expertise, as well as sufficient capacity, independence and objectivity to discharge its responsibilities.

It is desirable that an Audit Panel member will possess one or more of the following skills and attributes:

- one or more of a professional qualification and practical experience in accounting, financial management, governance, engineering, asset management, legal, risk management and/or compliance experience;
- knowledge and expertise in the areas of audit practices and financial management and reporting;
- knowledge of, and experience in, relevant industries; and
- strong business acumen and sound management and communication skills

6.1.2 The Audit Panel Chairperson

In addition to desirable skills and experience of a member the audit panel chairperson will possess the following skills and attributes:

- knowledge of the duties and responsibilities of the position, especially with respect to local government financial reporting and auditing requirements;
- requisite local government knowledge, and financial, governance and leadership skills;
- an ability to build good relationships; and
- strong communication skills.

6.2 Independent Members

Unless reappointed under clause 7 the process of appointment of independent members will be as follows:-

- the Mayor and the two Councillor members will determine a process for the appointment of the independent members. This process is to include:
 - 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 Councillor members are to make a recommendation to Council;
 - the decision with respect to appointment of independent members is with Council.

6.3 Councillor Members

The process of appointment for Councillor members will be in accordance with the Council's Governance Framework. It would be advantageous for the Councillor members to have some of the skills outlined for independent members.

7. TERMS OF THE PANEL APPOINTMENTS

- 7.1 Each Independent Member of the Panel shall hold office for a term of up to three years, unless otherwise removed from the Panel by the Council.
- 7.2 Each Councillor Member of the Panel shall hold office for a term from appointment until conclusion of the next election unless otherwise removed from the Panel by the Council.
- 7.3 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 Panel or being granted by Council.
- 7.4 An Independent Audit Panel Member may be re-appointed for a further term with the approval of the Council without the need to undertake the process set out in Clause 6.2.

8. LEVEL OF AUTHORITY

The Council will provide sufficient resources in the budget to enable the Audit Panel to carry out its functions and responsibilities as listed below. If the Audit Panel is of a view that additional activities need to be undertaken, the Panel will seek the approval of the Council to expend funds beyond that provided in the budget indicating why the activities should be undertaken.

- 8.1 Obtain any information it needs in connection with an Audit Panel function or responsibility from any employee and/or external party (subject to the Panel's legal obligation to protect information) provided that any request is made in writing. In doing this the Panel is to not to contact any Council Employee without obtaining the prior permission of the Chief Executive Officer.
- 8.2 Discuss any matters with the internal or external auditor, or other external parties (subject to confidentiality considerations).
- 8.3 Request the attendance of the Chief Executive Officer or any other Council employee at panel meetings.
- 8.4 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 Chief Executive Officer, the internal auditors and the external auditors will have direct access to the Panel Chairperson for the purpose of raising concerns about matters within the functions and responsibilities of the Panel.

9. 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.

10. REMUNERATION

Each independent member of the Panel is to be paid a fee of per sitting as set by the Council from time to time plus reimbursement of reasonable travelling expenses as agreed at the time of appointment.

11. MEETINGS AND PROCEEDINGS OF THE PANEL

- 11.1 The Audit Panel will meet at least four times per financial year as determined by the Panel or at any other time as determined by the Chair.
- 11.2 The Audit Panel is to regulate its own proceedings in accordance with this Charter.
- 11.3 The Chair 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.
- 11.4 Meetings of the Panel are closed to the public.
- 11.5 The Chair may determine that a meeting of the Panel is to be held in camera.
- 11.6 The Chief Executive Officer, the Director Corporate Services and the Director Legal and Governance Services or their delegates are to attend Audit Panel meetings as required unless the Chair determines a meeting is to be held in camera.
- 11.7 The Audit Panel may invite any Councillor , Council Officer, a representative of the Tasmanian Audit Office or any person necessary for the business of the Panel to attend meetings of the Audit Panel or to provide information and advice including to attend a meeting in camera under this clause or a closed Meeting as provided in clause 20.
- 11.8 At the Chair's direction the meeting agenda is to include matters referred by parties other than the Council.
- 11.9 The Chief Executive Officer, in consultation with the Audit Panel, will appoint a Council Officer to provide administrative support to the Audit Panel. The Officer will:
 - 11.9.1.1 prepare and distribute, in consultation with the Chair, the agenda and supporting papers for each meeting to panel members at least one week prior to the meeting; and
 - 11.9.1.2 prepare and distribute the draft minutes of the meetings to members of the panel and submit to the Council as soon as practicable after each meeting.

12. 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. At least one independent member must be present at a meeting.

13. INTERESTS

A standing item for declarations of interests will be included in all Panel meeting agendas. At the beginning of each Audit Panel meeting, Members are required to declare any 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. Where required by the Chair or Part 5 of the Act, the member will be excused from the meeting or from the Audit Panel's consideration of the relevant agenda item(s). Details of potential or actual interests declared by members will be appropriately recorded in the minutes of the meeting and in any relevant written report the Panel provides to the Council.

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

14. SPEAKING AND VOTING RIGHTS

Subject to Clause 13 each member shall have full rights to discuss and vote upon any matter before the Panel.

15. DECISIONS

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

16. CONDUCT OF DEBATE

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

17. CLOSED MEETING & CONFIDENTIAL INFORMATION

Panel meetings may be closed when considering matters properly covered in Closed Council pursuant to Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015* and information provided to Panel Members for the purpose of convening those matters, whether as a member or not, is provided on the basis that it be kept confidential unless otherwise authorised by Council and Section 338 of the *Local Government Act 1993* applies to that information.

Examples of matters that may be closed as set out in Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015* are:

- Information that, if disclosed, is likely to confer a commercial advantage or impose a commercial disadvantage on a person with whom the council is conducting, or proposed to conduct business;

- Commercial information of a confidential nature that, if disclosed, is likely to –
 - (a) Prejudice the commercial position of the person who supplied it; or
 - (b) Confer a commercial advantage on a competitor of the council; or
 - (c) Reveal a trade secret;
- Information of a personal or confidential nature or information that is provided to the council on the condition that it is kept confidential;
- Matters relating to actual or possible litigation taken, or to be taken, by or involving the council or an employee of the council;

18. ANNUAL WORK PLAN

To assist the audit panel in performing its functions efficiently and effectively, 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 so scheduled.

The annual work plan should clearly set out how the Panel intends to discharge its functions (clause 4). This work plan should be reviewed annually and submitted to the Council for information.

19. REPORTING REQUIREMENTS

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

Matters discussed in the closed session of the meeting must only be reported to the closed session of the Council meeting in accordance with Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015*.

When the Audit Panel considers it appropriate to do so it may submit a report on a specific matter to Council.

If the Audit Panel has conducted a review under section 84A of the Act, 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.

The Chair should meet with the Council at least once a year or at the request of the Council.

20. REVIEW OF CHARTER

The Panel is to conduct a review of the content and continuing adequacy of this Charter at least once every two years.

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

21. PANEL PERFORMANCE EVALUATION

The Chair 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 Chief Executive Officer, the internal and external auditors, management and any other relevant stakeholders, as determined by the Council.

The Panel will report to the Council the results of the evaluation and the manner in which it proposes to remedy any deficiencies that may be disclosed by the evaluation.