The Audit Panel

Narration Script

Huon Valley Council | Candidate and Councillor Knowledge Series

Slide	Title
1	Title — The Audit Panel
2	Before You Begin
3	Why Council Has One
4	What the Panel Reviews
5	More Than the Numbers
6	Who Sits On It
7	How Members Are Appointed
8	Independence
9	How the Panel Operates
10	The Annual Work Plan
11	Internal Audit
12	Reporting to Council
13	What It Means for a Councillor
14	Five Things to Remember
	Total

Slide 1 — Title — The Audit Panel

Welcome to The Audit Panel, part of the Huon Valley Council Candidate and Councillor Knowledge Series.

Every Tasmanian council must have one. It reviews how Council manages its money, its plans, its risks and its compliance, and it reports what it finds back to Council.

This module covers what the Panel does, who sits on it, how it operates, and what it asks of a councillor whether or not you are a member of it.

Slide 2 — Before You Begin

The Audit Panel is an independent set of eyes on Council's performance. It advises; it does not decide.

Council must have one. Section 85 requires every council to establish an audit panel, constituted in accordance with the Minister's Order.

It is not a special committee — section 85(3) says so expressly. It is not a council committee either, and it does not run under the Meeting Procedures Regulations. It regulates its own proceedings.

Only two councillors sit on it, so most will not be members. But every councillor receives its minutes, and Council considers and responds to its recommendations — which is why this module matters even if you never sit at the table.

The Act and the Order apply to every Tasmanian council. The Charter, the membership structure and the work plan are Huon Valley Council's own.

Slide 3 — Why Council Has One

The Panel exists to give Council independent assurance, and the first thing to understand is what it cannot do.

Its objective, in the words of the Charter, is to assist Council and the Chief Executive Officer by providing an independent process in Council's financial and risk management practices, ensuring accountability to the community. It is also to ensure there is an adequate and effective system of internal controls throughout Council.

It is advisory. It reviews and assesses Council's performance and makes recommendations on matters that may need attention. Council is not bound by them — it considers them and responds, and may decide not to adopt one.

But it absolves Council of nothing. The Practice Guide is blunt: the audit panel does not and cannot absolve a council of its responsibilities or accountability, and under no circumstances can a council delegate its responsibilities to the audit panel.

Hold that alongside the Chief Executive Officer's Performance Review Committee, which does hold a delegation and does decide. The Audit Panel holds none. It advises, and Council decides.

Slide 4 — What the Panel Reviews

The Charter sets six functions, drawn from section 85A and the Minister's Order. They are worth knowing in order, because the annual work plan is built around them.

First, whether the annual financial statements accurately represent the state of affairs of Council. Second, whether the strategic plan, annual plan and long-term asset management plans are integrated, and the processes and assumptions behind them appropriate.

Third, whether the accounting, internal control, anti-fraud, anti-corruption and risk management systems safeguarding Council's long-term financial position are appropriate. Fourth, whether Council is complying with the Act and any other relevant legislation.

Fifth, whether Council has taken any action on the Panel's previous recommendations, what that action was, and its effectiveness. That one matters: the Panel comes back to see how Council responded.

And sixth, enquiring into any other activities within the Panel's remit.

Slide 5 — More Than the Numbers

It is easy to assume an audit panel is only about the accounts. The Order prescribes functions that extend well beyond the financial aspects of Council.

Corporate governance, legislative and policy compliance, and procurement — how Council is structured and held to account, whether it meets its obligations, and whether the controls around buying goods and services hold up.

Risk management and internal control — the strategic risk register, insurance coverage, anti-fraud controls and the internal audit program.

And decision making. Under Council's work plan that includes an item on Council resolutions — specifically where a resolution arises that was contrary to officer advice and raises significant risk to Council.

Councillors should know that item exists, because it means significant decisions taken against advice come back into view.

Slide 6 — Who Sits On It

Four members: two councillors and two independent persons.

The Order allows three to five members, with at least two independent where there are four or five. Council's Charter sets it at four.

The chairperson must be an independent member, appointed by Council — under the Order only an independent person may chair. In the chairperson's absence the other independent member acts.

Some people cannot be members: the Mayor, the Chief Executive Officer and any Council employee. A councillor or employee of another council is also ineligible.

What matters is what the Panel has collectively — a balance of professional skills, knowledge and technical expertise, with sufficient capacity, independence and objectivity. Desirable skills include accounting, financial management, governance, engineering, asset management, legal, risk or compliance experience, and strong business acumen.

Slide 7 — How Members Are Appointed

Council appoints every member of the Panel. That is in the Order, and it is not delegable.

For independent members the Charter sets a public process. Expressions of interest are advertised publicly, in writing, addressing the skills required and stating qualifications and experience.

The Mayor and the two councillor members determine the process and make a recommendation, but the decision with respect to appointment rests with Council. Councillor members are appointed in accordance with Council's Governance Framework.

On terms, independent members hold office for up to three years and may be reappointed with Council's approval without repeating the process. The current independent members were appointed for a three year term commencing the first of July 2026. Councillor members hold office from appointment until the conclusion of the next election.

Attendance matters — a member's office is reviewed by Council if they are absent from two consecutive meetings without leave. And the Chief Executive Officer must notify the Director of Local Government of all appointments, their terms, and the identity of the chairperson and each independent member.

Slide 8 — Independence

The Panel's value rests entirely on its independence, and independence has to be real and seen to be real.

An independent person is not a councillor or employee of the council. Beyond that, the Practice Guide expects them to be external to Council's operations and free from any relationship that could interfere, or be perceived to interfere, with acting in Council's best interests.

Some relationships compromise that: being an owner, officer, employee or consultant of a material provider of advice, goods or services to Council; having been employed by Council in the last two years; or having provided consulting services on a particular Council operation.

Then there is the councillor question, and the Guide raises it directly. The Act allows elected members on audit panels, but independence and separation from the elected council may be compromised by their presence, given Council refers to the Panel's reviews when making decisions.

The answer is not to remove councillors — the Charter provides for two. It is for those councillors to sit as panel members rather than as delegates. A councillor member is there to review Council's performance, not to defend a position they took in the chamber.

And the Charter asks for independence of mind from every member: sound analytical skills, objectivity and judgement, opinions expressed constructively and openly, and independent lines of enquiry.

Sitting behind that is a formal interests regime. Sections 55B to 55D apply to audit panel members and are backed by penalties — declare before any discussion, take no part in the discussion or vote and do not remain present, the declaration is recorded in the minutes and in any report to Council, and the member notifies the Chief Executive Officer within seven days for entry in a register. Council's Charter adds a standing declarations item on every agenda, and the module on managing interests covers all of it.

Slide 9 — How the Panel Operates

The Panel regulates its own proceedings. It does not run under the Meeting Procedures Regulations, and its Charter sets its procedure instead.

It meets formally at least four times each financial year, during normal Council office hours, and the Chair must call a meeting if requested by Council or another member.

The Panel also meets informally twice a year. Around March or April there is a joint workshop with Councillors for the Annual Strategic Risk Review — which is the one point in the year where the whole Council and the Panel work through risk together. And in mid-August there is an informal meeting for the Panel to sight and comment on the Draft Financial Statements before they are submitted for audit.

Meetings are closed to the public. The Chair may go further and determine that a meeting be held in camera — everyone excluded except members and anyone the members direct.

Quorum is one more than half the members where there is an even number, so three of four, and at least one independent member must be present. Every member has full rights to discuss and vote, and decisions are by majority of those present and entitled to vote.

The Chief Executive Officer, the Director Corporate Services and the General Counsel or their delegates attend as required, unless the meeting is in camera. The Panel may also invite a councillor, an employee, or a representative of the Tasmanian Audit Office.

And a Council officer prepares the agenda with the Chair and circulates it at least one week before the meeting.

Slide 10 — The Annual Work Plan

The Panel must have an annual work plan — a schedule of meetings and the known objectives for each, so it performs its functions efficiently and effectively.

Council's plan is built directly on the six functions. Every item sits under one of them, which means nothing is reviewed out of habit and no function is left uncovered across the year.

Some items are standing: the financial management report, budget development, the Chief Executive Officer's report including emerging risks, the strategic risk register, a department risk presentation, items referred to the Panel, and a review of previous recommendations.

Others are timed to the financial year — the Tasmanian Audit Office engagement letter and audit strategy, draft and final financial statements, the management letters, the annual report, the internal audit program, insurance and significant business activities.

And the plan itself is reviewed each year and submitted to Council for information, so councillors can see what the Panel intends to look at.

Slide 11 — Internal Audit

One function deserves its own slide, because it is growing. The Panel oversees Council's internal audit program.

Internal audit is the independent examination of Council's own systems, controls and processes. The Practice Guide describes an internal auditor as the independent firm engaged, or the people employed by Council, to assist the audit panel undertake its responsibilities.

The Panel oversees it. The internal audit program comes to the Panel for review, and the internal auditors present their reports to the Panel directly — in Council's work plan, in June and December.

And it is driven by risk. The program is built on where the risk actually sits, which is why it is considered alongside the strategic risk register and the department risk presentations rather than as a separate exercise. An internal audit program that audits whatever is convenient is not much use.

Be clear that it is not the external audit. The Tasmanian Audit Office audits the financial statements independently and reports to Parliament. Internal audit looks inward, at how Council operates day to day.

And this is about to grow. The Targeted Reform Act inserts new sections 84A and 84B. Section 84B empowers the Minister, by order, to specify requirements for the conduct of internal audits, and a council must conduct its internal audits in accordance with any such order. Section 84A does the same for performance reporting — the frequency and manner of reporting to the Minister, the indicators and metrics to be used, and the methodologies for measuring and presenting the data.

Both require the Minister to consult councils first, and neither bites until an order is made. But once one is, compliance is mandatory — and the Panel is where that work will land.

Slide 12 — Reporting to Council

Everything the Panel does comes back to Council. That is the whole point of it.

A copy of its minutes goes to Council as soon as practicable after every meeting. Matters discussed in the closed session of a Panel meeting are reported only to the closed session of a Council meeting.

Where the Panel has conducted a review under section 85A, it must provide Council with a written report of its conclusions and recommendations as soon as practicable. It may also report on a specific matter whenever it considers that appropriate.

Then the annual report — the work undertaken and significant findings, a review of the Charter, an update on membership, the year ahead with a proposed work plan, and anything else needing Council's attention. The Chair should also meet with Council at least once a year.

And Council must resource it. The Order requires secretariat support and all necessary funding. The Charter allows the Panel to obtain external legal or professional advice at Council's expense — though it is not to contact a Council employee without the prior permission of the Chief Executive Officer.

Slide 13 — What It Means for a Councillor

Two councillors sit on the Panel. All of them are accountable for what Council does with its findings.

Read the minutes. They come to Council after every Panel meeting, and for most councillors they are the most direct view they will get of Council's financial position, its risk register and the state of its internal controls.

Consider and respond to the recommendations. Council is not bound by them and may decide not to adopt one — but function five brings the Panel back to check what Council did in response, what that action was, and how effective it was. A recommendation received, noted and left alone will be raised again.

Understand what it is not. The Panel reviews Council's systems, controls and performance — not individual employees. And it does not replace the Tasmanian Audit Office, which audits the financial statements independently and reports to Parliament.

If you are a member, be a member — act in Council's best interests, contribute the time required to review the papers, express opinions constructively, and maintain confidentiality of the Panel's proceedings.

And declare. The interests regime applies to councillor members exactly as it applies to independent members, with the same penalties. The module on managing interests covers it in full.

Slide 14 — Five Things to Remember

Five things to take away.

One. Every council must have an audit panel. Section 85 requires it, and it is neither a council committee nor a special committee it regulates its own proceedings.

Two. It advises and Council decides. Council is not bound by the Panel's recommendations but does consider and respond to them, and it cannot delegate its own responsibilities to the Panel.

Three. It looks well beyond the accounts. Corporate governance, compliance, procurement, risk management, internal audit and decision making all sit within its functions and internal audit and performance reporting are about to become mandatory.

Four. Independence is the whole point. The chairperson must be an independent member, and councillor members sit as panel members rather than as delegates of a position taken in the chamber.

Five. It reports back and it follows up. Minutes after every meeting, a written report after a review, an annual report each year and a standing check on how Council responded to what it was told.