

## 1.0 Executive Summary

The Shire of Collie Audit Committee has been established in accordance with the Local Government Act 1995 (as amended) primarily to manage, monitor and review the annual external audit process undertaken on behalf of the Shire of Collie.

In addition to the statutory requirements the audit committee will also focus on other compliance and accountability issues. To this end the audit committee will focus on whether Council is doing what it said it would do, within the established timeframes and for the costs it said it could do it for. In saying this the audit committee will be taking a broad strategic / policy view of this role and will not encroach into the area's which are the focus of the Council CEO and Management Group.

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## 2.0 Audit Committee Mission and Objectives

The Audit Committee has been established by the Shire of Collie in accordance with Part 7, Division 1A of the Local Government Act 1995.

It is the aim of the audit committee to conduct activities in accordance with the Local Government Act Part 7, Division 1A as outlined in Part 5.0 of this document.

Mission:

*To ensure that Council meets its statutory obligations with respect primarily to financial management or other compliance matters whilst promoting robust and transparent financial management to meet the local government's accountability to its stakeholders, both now and into the future.*

## 3.0 Membership Details

- |                   |                                |
|-------------------|--------------------------------|
| • Chairperson     | Elected Member to be appointed |
| • Shire President | Elected Member to be appointed |
| • Councillor      | Elected Member to be appointed |
| • Councillor      | Elected Member to be appointed |
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| • Councillor      | Elected Member to be appointed |

## 4.0 Authority

That Council has conferred in the audit committee the power only to make recommendations to Council in accordance with its identified functions.

## 5.0 Primary Functions & Authority

### 5.1 Monitoring of Financial Reporting to Council

Financial reporting to the Council Elected Representatives is a key issue in ensuring that they take responsibility for long-term financial planning, the annual budget and monitoring of financial performance. Whilst this is the case it is acknowledged that Councillors rely on;

- Financial advice and information from Council Management; and
- Input from the Council appointed external auditor

In response to this the Audit Committee will conduct an initial review of the financial reporting mechanisms employed by the Council and make

recommendation to the CEO with respect to opportunities for improvements to be made for the benefit of Councillors fulfilling their duties.

## **5.2 Selection of external auditor**

The process of appointing an external auditor will be overseen by the audit committee. It will be the responsibility of the audit committee, in liaison with the CEO to adopt an appointment process, be involved in the process and make final recommendation back to the Council for the approval of a Five Year Audit Contract.

## **5.3 Management of six monthly external audit process**

The Council currently has two audits in each financial year, being one for interim purposes and one final audit of the annual accounts. The audit committee will meet with the Council appointed auditor as and when required in accordance with the following;

- Initial meeting prior to the Interim Audits in each year to discuss the audit methodology, the process and areas which the external auditor will be focusing on in both the interim and final audits.
- Once after the completion of the interim audit at which time the external auditor will be required to provide a written report on his findings at the time of the audit.
- Once after the completion of the final audit, prior to the final signing of the financial statements to discuss the external auditors findings.

#### **5.4 Manage / review annual compliance audit of Council**

The audit committee will be presented with the annual Department of Local Government Compliance Audit report, which they will assess prior to it being presented to Council for their adoption.

#### **5.5 Review end of year financial performance of identified projects**

During the first quarter of each financial year the audit committee will, in consultation with the CEO, identify a number of major projects or functions which it will review at the close of the financial year. The audit committee will look at the success of the project in terms of not only its financial performance, but also on success of the project in terms of customer satisfaction of outcome and whether or not it was completed within the specified timeframe.

A report will be provided back to CEO and then the Council at the completion of the financial year of the findings of the audit committee.

#### **6.0 Reporting Relationship**

The Audit Committee has been established as a committee of Council in accordance with Part 7 of the Local Government Act 1995. As a consequence the committee is bound by these provisions, however in addition the Audit committee will;

- Meet at least once in each quarter and provide reports back to the full Council on any findings and recommendations
- Prior to reporting any issues to Council will discuss these with the CEO and/or Manager of Corporate Services on any findings and recommendations