



1 HEAD OF POWER

This Audit Committee (**Committee**) Charter has been designed to assist the Pormpuraaw Aboriginal Shire Council (**Council**) in fulfilling its corporate governance role and oversight of financial management and reporting responsibilities imposed under the *Local Government Act 2009* (**Act**), the Local Government Regulation 2012 (**Regulation**), and other relevant legislation.

2 ESTABLISHMENT

The Committee is established in accordance with s.105 of the Act and ss. 208-211 of the Regulation.

Pursuant to s.265 of the Regulation, the Committee is an advisory committee - it has no line authority in itself and does not replace the management responsibilities of the Executive Leadership Team (**ELT**), but rather acts as a source of independent advice to the Council and to the Chief Executive Officer (**CEO**) on governance, risk management, financial, accountability and audit-related matters. It in no way diminishes the ELT's responsibility to maintain an adequate governance and internal control system and manage risks.

This Audit Committee Charter sets the principles and standards for the Committee and explains the role of the Committee within Council.

3 OBJECTIVE

The objective of the Committee is to advise Council on, and where delegated, determine upon matters outlined in the roles and responsibilities of the Committee. This includes the provision of independent assurance and assistance to the Council, the CEO and the ELT on Council's risk, control and compliance framework and its financial statement responsibilities.

4 ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The role of the Committee is to assist Council and the CEO to discharge their responsibilities imposed under the Act and other relevant legislation, which includes the requirement to monitor and review the:

- Integrity of financial documents
- Internal Audit function
- Effectiveness and objectivity of the Council's Internal Auditors and External Audit, and

- Effectiveness of Council's internal controls.

The Committee's roles and responsibilities also include:

4.1 CONTROL AND POLICIES

- Evaluate and monitor the integrity, adequacy and effectiveness of finance, administrative and operating systems, policies and procedures through communication with, and reports from management, External and Internal Audit.
- Monitor the standard of corporate governance and ethical considerations.
- Monitor compliance with statutory, regulatory and policy obligations.
- Review the effective operation of an accounting and financial control and risk environment.
- Review the Internal Audit Plan for the current financial year.
- Review the progress of the Internal Audit Plan and the implementation of recommendations. With respect to audit recommendations, Internal Audit will follow up each recommendation when the implementation date falls due.

4.2 FINANCIAL REPORTING

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review proposed asset valuation methodology and the final annual asset valuation report.
- Review with management and the External Auditors the results of the audit, including any difficulties encountered.
- Review the annual financial report, and consider whether it is complete, consistent with information known to Committee members, and reflects appropriate accounting principles, standards and regulatory requirements.
- Review with management and the External Auditors all matters required to be communicated to the Audit Committee under generally accepted auditing standards.

- Review any legal matters which could significantly impact the financial statements.

4.3 INTERNAL AND EXTERNAL AUDIT

- Oversee Council's External Audit and consider audit findings and management's response to the External Auditor's management letter.
- Endorse Internal Audit plans.
- Review the audit plans of the Internal and External Auditors and the extent to which planned audit scope can be relied upon to detect weaknesses in internal control, risk, fraud or other illegal acts.
- Review Internal Audit reports and findings.
- Review the status of the follow up and the implementation of recommendations made by Internal and External Auditors.

4.4 RISK MANAGEMENT

- Monitor Council's Risk Management (**RM**) strategies, policies and procedures.
- Advise on the management of Council's strategic risks. The Committee may identify specific risks for more detailed review and discussion.
- Provide an effective oversight function to ensure that fraud and corruption control objectives are being met in relation to the mitigation of fraud and corruption risks.
- Seek assurance from those in attendance at meetings and from information presented at meetings that the implementation of the Operational Plan continues to focus on the adequacy and effectiveness of internal controls and the minimisation of risk.

5 MEMBER RESPONSIBILITIES

Members of the Committee are expected to understand and observe the legal requirements of the Act and Regulation.

Members are expected to at all times:

- Act in the best interests of Council
- Apply good analytical skills, objectivity and good judgement

- Maintain confidentiality of information and documentation considered by the Committee
- Express opinions constructively and openly, raise issues that relate to the Committee's responsibilities and pursue independent lines of enquiry, and
- Contribute the necessary time required to review the agenda papers prior to attending meetings.

6 COMPOSITION

Members, including the Chair, are appointed by the Council.

Section 210 of the Regulation specifies that the Committee must consist of at least three and no more than six members; and must include at least one, but no more than two Councillors.

The members, taken collectively, will have a broad range of skills and experience relevant to the Committee's responsibilities. The independent external member will have significant accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

The Chair will be external to the Council, or if internal to the Council will be a person independent of the areas within the committee's scope of review and independent of line management and day to day operations of the Local Government

The Chair will possess sound communication and strong leadership skills.

Whilst the CEO is not a member of the Committee he/she should attend meetings of the Committee as required.

7 TERMS OF MEMBERSHIP

7.1 COUNCILLORS

- Councillor members will be appointed to the Committee for the full Council term unless otherwise removed by a resolution of full Council or acceptance of a resignation.
- In the event of a Councillor resigning his/her position on the Committee, the full Council will nominate a Councillor to fill the vacant position.

7.2 INDEPENDENT EXTERNAL MEMBERS

- Appointment of external members will be made via an evaluation of suitable candidates and a recommendation for appointment put to Council, or as otherwise determined by Council. External members may not be Council employees or contractors.
- External members should have significant experience and skills in financial matters and be conversant with the role of Internal Audit, RM principles and the financial and other reporting requirements of local governments.
- Remuneration will be paid to each external member.

7.3 COMMITTEE

- If the Council proposes to remove a member of the Committee, it must give written notice to the member of its intention to do so and provide that member with the opportunity to be heard at a Council meeting which is open to the public, if that member so requests.
- The Chairperson appointed is the Independent External Member.

8 INDEPENDENCE AND ETHICAL STANDARDS

Members must act and make decisions with an open and enquiring mind from their perspective as a Committee member safeguarding the interests of Council.

Members must act independently.

Members of the Committee must, at all times in the discharge of their duties and responsibilities, exercise honesty, objectivity and probity.

9 QUORUM

Section 211(2)(a) of the Regulation requires a quorum of at least half the number of members of the Committee and either the Chairperson shall preside or if the Chairperson is absent, the member chosen by the members present as Chairperson for the meeting presides.

10 MEETINGS AND REPORTING

Meetings shall be held not less than 2 times per year. Special meetings may be convened as required by the Committee or Chief Executive Officer or if requested by internal or external auditors.

The dates and times of regular meetings of the Committee will be fixed by resolution of Council and may be amended from time to time by resolution.

As an indicative guide the Committee should meet at least quarterly with meetings arranged to coincide with relevant Council deadlines, for example, to coincide with the approval of corporate plans, annual plans and budgets, to coincide with engagement of the External Auditors and the finalisation of the financial statements.

Additional meetings shall be convened at the discretion of the Chairperson or at the written request of any member of the Committee, Internal or External Auditor.

The CEO, Executive Manager of Corporate Services, Finance Manager and the Principal Internal Auditor shall attend all meetings, either in person or via teleconference. Other members of Council or Council employees may be invited to attend where appropriate at the discretion of the Committee to advise and provide information when required.

Representatives of the External Auditor should be invited to attend at the discretion of the Committee but **must** attend meetings considering the draft Annual Financial Report and results of the External Audit.

Due to the confidential nature of information and the high level of independence of Internal and External Audit, Committee meetings may be closed in accordance with s.254J of the Regulation.

If considered beneficial by the Chairperson of the Committee, additional meetings may be held with Internal or External Audit. The Chairperson could decide to hold one or both of the following meetings:

- a) A separate meeting may be held by the Audit Committee and Internal or External Audit with no observers present, and/or
- b) An executive session may be held by the Chairperson with an independent Committee member and Internal or External Audit.

The Chairperson would hold the meetings when considered appropriate. These meetings would be in addition to the normal Committee meetings.

- Appendix 'A' - Standing Agenda Items.
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- Appendix 'B' - Guidance for Audit Committee – 12 Month Rolling Work Plan

10.1 ADMINISTRATIVE SUPPORT

The CEO, Executive Manager of Corporate Services, Finance Manager or Corporate Administration Officer shall provide administrative support to the Committee.

This support shall include:

- Preparation and distribution of the agenda and any attachments and other material to the Committee, the ELT and all other Councillors prior to the Meetings, in accordance with s.254C of the Regulation.

10.2 ACCESS BY COMMITTEE

The Committee shall be supplied with information it requires from the CEO or any Council employee delegated by the CEO.

Requests for Council employees and independent experts to attend a Committee meeting to provide information shall be approved by the CEO.

Duties and responsibilities

The Audit Committee must review the following matters:

- Review the activities of external and internal audit and provide guidance and direction as required.
- The internal audit plan for the internal audit for the current financial year.
- The internal audit progress report for the preceding financial year including the recommendations in the report.
- A draft of the Council's financial statements for the preceding financial year before the statements are certified and given to the auditor-general under section 212 of the Local Government Regulation 2012.
- The auditor general's audit report and findings about the Council's financial statements for the preceding year.
- Satisfy itself regarding the integrity and prudence of management control systems including review of policies and practices.
- Ensure effective processes are operating to monitor compliance with statutory and regulatory constraints to foster a culture of ethical and legal behaviour throughout the organisation.
- Ensure that a regular review of Council's accounting policies and practices has been conducted in accordance with all legislation applicable to Local Government, Australian Accounting Standards and generally accepted accounting principles.
- Monitor whether management's approach to maintaining an effective internal control framework is sound and effective.
- Report any matter identified during the course of carrying out its duties that the Audit Committee considers should be brought to the attention of the Council.

10.3 REPORTING REQUIREMENTS

Sections 211(1)(c) and 211(4) of the Regulation requires a written report about the matters reviewed at a Committee meeting and the Committee's recommendations about the matters to be presented by the CEO at the next Council meeting for consideration and adoption.

Internal and External Audit may be requested to address Council to provide detailed explanation of the issues reported or raised within the Committee meetings. It is imperative that the independence of audit is not compromised or seen to be compromised.

To maintain this high level of independence, it may be necessary to resolve that the Council meeting be closed (in terms of s.254J of the Regulation) when Internal or External Audit addresses Council.

After the Council meeting, the adopted report is to be circulated to all Committee members.

11 RELATIONSHIPS

INTERNAL AUDIT

The Committee will act as a forum for Internal Audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance process that ensures that Council's Internal Audit function operates effectively, efficiently and economically.

EXTERNAL AUDIT

The Committee has no power of direction over External Audit or the manner in which the External Audit is planned or undertaken, but will act as a forum for the consideration of External Audit findings and will ensure that they are balanced with the views of management.

12 INDUCTION OF NEW MEMBERS

New members of the Committee will be provided with induction material to allow the members to familiarise themselves with the organisation and to facilitate their understanding of its principal operations and activities, corporate practices and culture.

New members will receive relevant information and briefings upon their appointment to assist them to understand and meet their responsibilities under this Audit Committee Charter. Further training may be available if required.

13 PERFORMANCE REVIEW AND ASSESSMENT

The Chairperson of the Committee, in consultation with the CEO, will initiate a review of the performance of the Committee at least every 2 years.

A Committee self-assessment questionnaire will be used to facilitate this review with appropriate input sought from the CEO, Committee members, the ELT, Internal and External Auditors, and any other relevant stakeholders.

The Executive Manager of Corporate Services will assist the Chairperson with the administration of the self-assessment questionnaire.

14 CONFLICTS OF INTEREST

Committee members are required to provide written declarations declaring any potential or actual conflicts of interest they may have in relation to their responsibilities.

As they arise between meetings, or at the beginning of each Committee meeting, members are required to declare any new or changed potential or actual conflicts of interest that may apply to specific matters on the meeting agenda.

Where required, the members will be excused from the meeting or from the Committees consideration of the relevant agenda item(s). Details of potential or actual conflicts of interest declared by members and action taken will be appropriately recorded.

15 PROFESSIONAL INDEMNITY INSURANCE

Committee members are provided with professional indemnity insurance as part of Council's Broad Form Liability Cover - Qld Local Government Mutual Liability Pool.

16 HUMAN RIGHTS COMPATIBILITY STATEMENT

This policy has been assessed as compatible with Human Rights protected under *the Human Rights Act 2019*.

17 DEFINITIONS

Term	Definition
Council	Pormpuraaw Aboriginal Shire Council

18 RELATED POLICIES AND OTHER DOCUMENTS

Local Government Act 2009

Local Government Regulation 2012

[Audit Committee Guidelines](#)

[Financial Accountability Handbook - Volume 2 Governance,](#)

[Queensland Audit Office's Audit Committee Guidelines: Improving Accountability and Performance](#)

19 MONITORING AND REVIEW

This Charter will be reviewed every two years. This review will include consultation with the CEO and Audit Committee.

Any substantive changes to the Charter will be formally adopted by the Council on the recommendation of the Committee.

20 RESPONSIBILITY

This Policy is to be: -

- implemented by the CEO; and
- reviewed and by the Executive Manager of Corporate Services.

21 VERSION CONTROL

Version	Details	Resolution No Date
V3	Reviewed & Accepted by Audit Committee at Meeting Held 10/07/2018	Adopted at Council Meeting on 26/07/2018 Resolution: 2018/07/26/16
V6	Draft Review Tabled to Audit Committee at Meeting Held 08/08/2024	Adopted at Council Meeting 28/08/2024 Resolution: 2024/08/04
V7	Draft Review Tabled to Audit Committee at Meeting Held 16/06/2025	
V8	Draft Review Tabled to Audit Committee Meeting Held 31/03/2026	
V9	Adopted	Adopted by Council: 28/04/2026 Resolution: 2026/54

APPENDIX 'A' - STANDING AGENDA ITEMS

Agenda Item	Topic	Speaker / Presenter
1	Welcome and Apologies	Chairperson
2	Potential Conflict of Interest Declarations	Chairperson
3	Confirmation of Previous Meeting Minutes & Review of Closing Matters from Previous Meeting	Chairperson
4	Significant Organisation, Governance, Risk Management and System Matters	CEO
5	Financial Reporting	Executive Manager of Corporate Services/Finance Manager
6	External Audit Update	External Audit
7	Internal Audit Update	Internal Audit
8	Closing Matters	Committee
9	Next Audit Committee Meeting	Chairperson
10	Close	Chairperson

APPENDIX 'B' – GUIDANCE FOR AUDIT COMMITTEE – 12 MONTH WORK PLAN

GUIDANCE FOR AUDIT COMMITTEE – PORMPURAW ABORIGINAL SHIRE COUNCIL

12 Month Forward Rolling Work Plan Example

Key Responsibilities	Considerations	Meeting 1 June 202x	Meeting 2 August 202x	Meeting 3 September 202x	Meeting 4 February 202x
Financial Reporting (including annual financial statements)	Review of internal financial reports (including variance analysis)	√	√	√	√
	Review annual financial statements for compliance with prescribed accounting and other requirements.	√ <i>Shell financial statements prepared for Audit Committee consideration</i>	√ <i>Draft financial statements (including current year financial sustainability statement) for clearance prior to providing to audit</i>	√ <i>Final financial statements (including current year financial sustainability statement) - external audit clearance and management certification</i>	
	Review significant accounting and reporting issues.	√ <i>E.g. – Status update on draft infrastructure valuation report</i>	√ <i>E.g. – clearance on draft infrastructure valuation report and application..</i>	√	
External Audit (EA)	Consider briefing from EA on emerging issues, results of audits and follow-up with management	√ <i>Interim audit report</i>	√	√ <i>Accounting and reporting issues included in the EA Closing Report</i>	√

Key Responsibilities	Considerations	Meeting 1 June 202x	Meeting 2 August 202x	Meeting 3 September 202x	Meeting 4 February 202x
	Review EA Client Strategy including audit timetable, staffing and audit fee.	√			√
	Consider need for a closed session briefing with EA excluding management and Internal Audit.	√	√	√	√
Internal Audit (IA)	Review performance and resourcing of IA	√	√	√	√
	Review status of annual audit plan, including resourcing and budget	√	√	√	√
	Review IA reports for the Council (including extent of internal control reviews)	√	√	√	√
	Review and endorse proposed IA strategic plan (proposed for next 3 years) and annual audit plan (for next year); ensure no material overlap between internal and external audit functions	√			
	Review / confirm IA Charter				√
Audit Recommendations	Review responses provided by management to ensure they are in line with Council's risk management framework	√	√	√	√
	Monitor implementation of EA / IA recommendations	√	√	√	√
Risk Management	Review risk management framework				√
	Consider report on risk management including review of risk registers		√	√	√
	Review Fraud and Corruption Control Prevention Plan		√		

Key Responsibilities	Considerations	Meeting 1 June 202x	Meeting 2 August 202x	Meeting 3 September 202x	Meeting 4 February 202x
Performance Management	Review Council's compliance with the <i>Local Government Act</i> and Regulations, performance management systems / reporting requirements.			√	
	Review Council's annual report			√ <i>Final version</i>	
Effectiveness of Audit Committee	Review Audit Committee and member performance				√
	Review / confirm Audit Committee charter	√			