

Audit and Risk Committee



Terms of Reference

1. ESTABLISHMENT AND PURPOSE

- 1.1. The Audit and Risk Committee (Committee) has been established in accordance with sections 41 and 126 of the *Local Government Act 1999* (Act).
- 1.2. The purpose of the Committee is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management, and governance matters.
- 1.3. The Committee is independent from Council management.
- 1.4. The Committee reports to Council and provides appropriate advice and recommendations on matters relevant to its Terms of Reference and statutory functions to facilitate informed decision making in relation to the discharge of Council's responsibilities.

2. DEFINITIONS

Unless the context indicates otherwise, the following terms have the following meanings in these Terms of Reference:

Act means the *Local Government Act 1999* (SA).

Chairperson means the chairperson of the Committee, appointed in accordance with clause 5 of these Terms of Reference.

Committee means the Audit and Risk Committee established by resolution of the Council, to be governed by these Terms of Reference.

Council means the Alexandrina Council.

Member means a member of the Committee.

Procedures at Meetings Code of Practice means the Council's Code of Practice – Meeting Procedures or any replacement Code of Practice adopted by the Council for the purpose of the *Local Government (Procedures at Meetings) Regulation 2013*.

Regulations includes the *Local Government (Financial Management) Regulations 2011* and *Local Government (Procedures at Meetings) Regulations 2013*.

Terms of Reference means these terms of reference.

3. FUNCTIONS OF THE COMMITTEE

Subject to the Act and Regulations, the functions of the Committee are to:

3.1. FINANCIAL REPORTING

- 3.1.1. Review the annual financial statements to ensure that they present fairly the state of affairs of Council;
- 3.1.2. Review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of Council on a regular basis.

3.2. STRATEGIC MANAGEMENT PLANS

- 3.2.1. Propose, and provide information relevant to, a review of Council's strategic management plans and annual business plans.

3.3. INTERNAL CONTROL POLICIES

- 3.3.1. Review and evaluate the effectiveness of policies, systems and procedures established and maintained:
- (a) for the identification, assessment, monitoring, management, and review of strategic, financial, and operational risks on a regular basis; and
 - (b) for internal financial controls in accordance with the Better Practice Model – Internal Financial Controls.

3.4. EXTERNAL AUDITOR

- 3.4.1. Liaise with the Council's auditor in accordance with any requirements prescribed by the Regulations.
- 3.4.2. Receive the auditor's:
- (a) audit opinion with respect to the financial statements;
 - (b) audit opinion with respect to the controls exercised by Council during the relevant financial year in relation to the:
 - (i) receipt, expenditure, and investment of money;
 - (ii) acquisition and disposal of property;
 - (iii) incurring of liabilities; and
 - (c) advice on particular matters arising from the audit.
- 3.4.3. Liaise with Council's auditor by meeting with the auditor on at least one (1) occasion each year on a confidential basis (under Regulation 17B of the *Local Government (Procedures at Meetings) Regulations 2013*) in circumstance where:
- (a) a majority of the members of the Committee are present; and
 - (b) no members or employees of Council are present (other than members who are members of the Committee).
- 3.4.4. Recommend to Council the appointment of an auditor, after considering the following:
- (a) The auditor must be:
 - (i) a registered company auditor, or
 - (ii) firm comprising at least one registered company auditor.
 - (b) A person is not eligible to be the auditor if:
 - (i) the person is a member of Council,

- (ii) the person is a nominated candidate for election as a member of Council.
- (c) The term of appointment of an auditor of Council must not exceed five (5) years.
- (d) Subject to regulation 15 of the *Local Government (Transitional Provisions) Regulations 2021*, if a firm comprising at least one (1) registered company auditor has held office as auditor of Council for five (5) successive financial years (the first firm), Council:
 - (i) must ensure another auditor is appointed as auditor of Council (being a registered company auditor (who is not part of a firm) or another firm comprising at least one (1) registered company auditor), and
 - (ii) must not appoint the first firm as its auditor until at least five (5) years have passed since the first firm last held the office.
- (e) Council must not engage its auditor to provide services to Council outside the scope of the auditor's function under the Act or the Regulations, other than to engage its auditor to certify that a grant or subsidy received by Council has been acquitted in accordance with conditions required by the provider of the grant or subsidy.
- (f) The appointment of an auditor will be subject to other terms and conditions prescribed by the Act and the Regulations.

3.5. INTERNAL AUDIT

- 3.5.1. Provide oversight of planning and scoping of the internal audit work plan.
- 3.5.2. Review and comment on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis.
- 3.5.3. Consult with the Chief Executive Officer of Council on the appointment of a person to be primarily responsible for the internal audit function or assignment of such responsibility to an employee of Council.

3.6. OTHER FUNCTIONS

- 3.6.1. Propose examinations and review examination reports on any matter relating to financial management, or the efficiency and economy with which Council manages or uses its resources to achieve its objectives, that would not otherwise be addressed or included as part of annual audit and that is considered by Council to be of such significance as to justify an examination under section 130A of the Act;
- 3.6.2. Review any report obtained by Council under section 48(1) of the Act in accordance with Council's prudential management policies, practices and procedures;
- 3.6.3. Monitor the responsiveness of Council to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor;

- 3.6.4. Review Council's arrangements and processes for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters—the Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action; and
- 3.6.5. Perform any other function determined by Council or prescribed by the Regulations.

4. MEMBERSHIP

- 4.1. The following provisions are subject to regulation 14 of the *Local Government (Transitional Provisions) Regulations 2021*.
- 4.2. Members of the Committee are appointed by Council in accordance with section 126(2) of the Act and these Terms of Reference.

Committee Members	Method of appointment	Term
Council Member	Council Resolution	Until next periodic Council election.
Independent Members	<ul style="list-style-type: none"> • Expression of Interest • Selection Panel Assessment Process and Recommendation report to Council • Council Resolution 	Staggered terms of up to four (4) years.

- 4.3. The Committee shall consist of five (5) members:
- 4.3.1. Three (3) Independent Members determined by Council to have experience relevant to the functions of the Committee.
- 4.3.2. One (1) Member of Council determined by Council to have experience relevant to the functions of the Committee.
- 4.3.3. One (1) ex officio member – the Presiding Member of Council.
- 4.4. Members of the Committee (when considered as a whole) must have skills, knowledge, and experience relevant to the functions of the Committee, including financial management, risk management, governance, and any other prescribed matter.
- 4.5. Recruitment of Independent Members will be undertaken by management calling for expressions of interest. A selection panel will be formed by the Chief Executive Officer of the Council to assess applications and recommend to Council the preferred candidate for appointment to the Committee, and the term for which they should be appointed. Senior Council Staff and Council Members and/or Independent Members of the Committee may be included on the selection panel. The selection panel is not a committee of the Council and will conduct its proceedings as the Chief Executive Officer sees fit. Once the panel has completed its assessment, a selection panel assessment and recommendation report will be prepared by the Chief Executive Officer and put to Council for a decision. Appointments of Independent Members shall be made by resolution of Council.

- 4.6. Independent Member appointments will not align with timing of periodic Council elections (to maintain membership over the Council election period). Each term of appointment for an Independent Member will, subject to the Act and these Terms of Reference, be up to a maximum of four (4) years, as determined by the Council. Independent Members may be re-appointed but may not serve for more than eight (8) years continuously.
- 4.7. Appointments of Council Members to the Committee shall be made by resolution of Council and shall, subject to the Act and these Terms of Reference, expire at the next periodic Council election after the appointment is made.
- 4.8. A Member will, subject to the Act, hold office as a member of the Committee until their office becomes vacant by virtue of clause 4.9 of these Terms of Reference.
- 4.9. A person ceases to be a Member upon any of the following circumstances occurring:
 - 4.9.1. the Member's term of appointment to the Committee expires and they are not reappointed;
 - 4.9.2. the Member is removed from office by a resolution of Council in accordance with Section 41(5) of the Act;
 - 4.9.3. the Member resigns from office by written notice to the Council;
 - 4.9.4. the Member ceases to hold the office which entitles them to be a member (for example they cease to be a Member of Council); or
 - 4.9.5. the Member dies or becomes of unsound mind.
- 4.10. Nothing in these Terms of References gives rise to any right of procedural fairness or otherwise derogates from the Council's ability to remove a Member from the Committee at the Council's pleasure.

5. CHAIRPERSON

- 5.1. The Chairperson will be an Independent Member appointed by Council for a term decided by a resolution of Council. Council may decide, by resolution, to extend the term or reappoint an Independent Member as Chairperson (noting however that the appointment of the Independent Member to the Committee cannot exceed a maximum consecutive period of eight (8) years as per clause 4.6).
- 5.2. The Committee may make an appointment to the position of Deputy Chairperson for a term.
- 5.3. If the Chairperson is absent from a meeting of the Committee, the Deputy Chairperson (if there is one) will preside at the meeting. If the Deputy Chairperson is absent or there is no Deputy Chairperson, an Independent Member will be chosen from those present to preside at the meeting as the Acting Chairperson.
- 5.4. The Chairperson (or other Member presiding in accordance with clause 5.3) is the Presiding Member of the Committee for the purposes of the Act, Regulations and the Procedures at Meetings Code of Practice.
- 5.5. Without limiting the functions conferred upon the office of Chairperson by virtue of above clause 5.4, the Chairperson is to:

- 5.5.1. Oversee the orderly conduct of meetings in accordance with the Act, the Regulations and the Procedures at Meetings Code of Practice;
- 5.5.2. Ensure that all Members have an opportunity to participate in discussions in an open and responsible manner;
- 5.5.3. Liaise with Council administration between meetings regarding the preparation of the Committee's agenda and minutes;
- 5.5.4. Prepare, on behalf of the Committee, a written report to Council after each meeting summarising the work of the Committee during the period preceding the meeting and the outcomes of the meeting;
- 5.5.5. Nominate a Member of the Committee who is also a Member of the Council to present the report described at above clause 5.5.4 to the Council, either at a meetings or information session of the Council (and it is a function of the nominated Member to provide such presentations to the Council);
- 5.5.6. Execute, along with Council's Chief Executive Officer, the 'Independence of External Audit' certification required under the Regulations as part of the end of financial year audit process.

6. SITTING AND PROFESSIONAL FEES

- 6.1. Independent Members of the Committee will receive a sitting fee determined by Council.
- 6.2. Sitting fees will be reviewed and set by Council within six (6) months of each periodic Council election.
- 6.3. Professional fees will also be paid for the advice and attendance of the person primarily responsible for the internal audit function (if they are not a Council employee), External Auditors, and legal and other professionals at the Committee Meetings.
- 6.4. There are no sitting fees for Council Members appointed to the Committee.

7. ADMINISTRATION

- 7.1. Council's Chief Executive Officer shall provide sufficient administrative resources to the Committee to adequately carry out its functions.
- 7.2. The Committee will be provided with appropriate and timely training, both in the form of an induction program for new Members and on an ongoing basis for all Members.

8. MEETINGS

8.1. FREQUENCY OF MEETINGS

- 8.1.1. The Committee shall meet at least once per quarter.
- 8.1.2. A schedule of meetings, including, date and time meetings of the Committee will be held, shall be determined by the Committee annually.
- 8.1.3. Council's Chief Executive Officer is delegated the authority to vary the Committee's meeting schedule after liaison with the Chairperson.

- 8.1.4. Subject to clause 8.1.1, Council's Chief Executive Officer is delegated the authority to not call a meeting of the Committee within the meeting schedule should the Committee have no matter for consideration, after liaison with the Chairperson.
- 8.1.5. Special meetings of the Committee may be called in accordance with the Act.

8.2. QUORUM

- 8.2.1. The quorum necessary for the transaction of Committee business shall be three (3) members.
- 8.2.2. No business can be transacted at a meeting of the Committee unless a quorum is present.

8.3. NOTICE OF MEETINGS

- 8.3.1. The Committee shall conduct its meetings in the Alexandrina Council Community Chambers 'Wal Yuntu Warrin', 11 Cadell Street, Goolwa unless otherwise determined by the Committee.
- 8.3.2. In accordance with Section 87 of the Act, a notice of each meeting confirming the venue, time, and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee no later than three (3) clear days before the date of the meetings. Supporting papers shall, whenever possible, be sent to Committee Members (and to other attendees as appropriate) at the same time.
- 8.3.3. Notice of meeting, agenda and supporting information will be placed on public display at Council's Customer Service Centre and Council's website.

8.4. MEETING PROCEDURES

- 8.4.1. Procedures at Meetings Code of Practice applies to meetings of the Committee.
- 8.4.2. Only Members of the Committee are entitled to vote in Committee meetings.
- 8.4.3. Members of the Committee can participate in the meeting via electronic means provided advance notice has been provided to the Chairperson and Minute taker.
- 8.4.4. The Chairperson has a deliberative vote on a question arising for decision at the meeting and, in the event of an equality of votes, does not have a casting vote.

8.5. ACCESS TO MEETINGS AND DOCUMENTS

- 8.5.1. In accordance with the principles of open, transparent, and informed decision-making, Committee meetings must be conducted in a place open to the public. Members of the public can attend all meetings unless excluded by order of the Committee under section 90(2) of the Act or Regulation 17B of the *Local Government (Procedures at Meetings) Regulations 2013*.

- 8.5.2. Members of the public shall have access to all documents related to the Committee except documents subject to an order of the Committee under sections 91(7) of the Act.

8.6. MEETING MINUTES

- 8.6.1. Conflict of Interest declarations are required pursuant to sections 73 – 75D of the Act and will be recorded in the minutes.
- 8.6.2. Council's Chief Executive Officer shall ensure that minutes are kept of the proceedings and resolutions of all meetings of the Committee and that the minutes comply with the requirements of the Regulations and the Procedure at Meetings Code of Practice.
- 8.6.3. Minutes of Committee meetings shall be circulated within five (5) days after a meeting to all Members of the Committee and all Members of the Council.
- 8.6.4. Minutes of the Committee meeting will be placed on Council's website and on public display at Council's Customer Service Centre.

9. RESPONSIBILITIES

Without derogating from any of the above provisions, the Committee:

- 9.1. Shall always act in accordance with the Act, the Regulations and in accordance with these Terms of Reference in the performance of its functions;
- 9.2. Shall prepare an annual report on the work of the Committee in the 12 months preceding the preparation of the report, to be presented to Council in November of each year and to be made publicly available;
- 9.3. Shall provide a report to Council after each meeting summarising the work of the Committee during the period preceding the meeting and the outcomes of the meeting;
- 9.4. May make recommendations to Council that it deems appropriate on any area within its Terms of Reference where in its view action or improvement is needed or desirable;
- 9.5. Will undertake an annual self-assessment for inclusion in the Committee's annual report; and
- 9.6. Shall, at least every four (4) years, review its Terms of Reference, so that it is operating at maximum effectiveness and recommend any changes it considers necessary to Council for approval.

10. AUTHORITY

The Committee is authorised:

- 10.1. To obtain any relevant Council document it requires to perform its duties, by making a request to the Council's Chief Executive Officer; and
- 10.2. To obtain, at the Council's expense (after consultation with the Council's Chief Executive Officer) outside legal or other professional advice on any matter within its Terms of Reference.

11. REVIEW

11.1. Council may review and amend these Terms of Reference at any time.

12. TENURE

12.1. The Committee will continue in existence in accordance with the Act.

13. ADOPTION BY COUNCIL

Title		Audit and Risk Committee Terms of Reference	
Maintained by		Corporate Services	
Version Number	Description	Date	Minute Reference
1	Adopted by Council	17 January 2011	ACF113
2	Various amendments	4 July 2011	ACF11256
3	Various amendments	5 September 2011	ACA370
4	Various amendments	17 May 2021	ACM211005
5	Various amendments for newly elected Council Members	28 November 2022	ACM22172
6	Name change to Audit and Risk Committee and number of Independent Members	20 February 2023	C23057
7	Draft substantial rewrites for <i>Statutes Amendments (Local Government Review) Act 2021</i> , extending work of Council Audit Committees to Audit and Risk Committees commencing November 2023	30 June 2023	Review and feedback from the Audit and Risk Committee ACAC330
8	Review, comments, and revisions from Norman Waterhouse Lawyers	18 August 2023	Not applicable
9	Draft updated to include committee membership changes	16 October 2023	C23417
10	Draft Final for Council consideration	20 November 2023	C23452