

TERMS OF REFERENCE

1. ESTABLISHMENT

- 1.1. The Council has established the Audit & Risk Management Committee (referred to in these Terms of Reference as "the Committee") pursuant to Section 41 of the *Local Government Act* 1999 ("the Act") and in compliance with Regulation 17 of the Local Government (Financial Management) Regulations 2011
- 1.2. The Committee will be known as the Audit & Risk Management Committee.
- 1.3. This Terms of Reference was adopted by Council on **21st November 2018** and reviewed on 26th May 2021, 23rd February 2022 and 16th November 2022.

2. OBJECTIVES

- 2.1. The Committee is established to fulfil the following functions:
 - 2.1.1 will assist the Council in monitoring the accounting, audit, legislative compliance, financial and strategic risk management, good governance and reporting practices.

Financial Sustainability and Business reporting

The Committee shall:

- 2.1.2 monitor the integrity of the annual financial statements of the Council to ensure that they present fairly the state of affairs of the Council, reviewing significant financial reporting issues and judgements which they contain.
- 2.1.3 review and make recommendations to the Council regarding the assumptions, financial indicators and targets in the Long Term Financial Plan.
- 2.1.4 review, make recommendations and comment to Council on the financial outcomes of the Asset Management Plans.
- 2.1.5 propose and provide information relevant to, a review of the Council's strategic management plans or annual business plans.
- 2.1.6 review and make recommendations to the Council regarding any other significant financial, accounting and reporting issues as deemed necessary by the Committee, Council or Management.

Risk Management and Internal Control

The Committee shall:

- 2.1.7 monitor and review the performance and adequacy of Council's Risk Management Policy and Procedures for identifying, monitoring and managing significant business risks, including WHS and Council's Business Continuity Planning.

- 2.1.8 review and comment of the adequacy of internal controls, internal audit, financial management systems and practices.
- 2.1.9 ensure an appropriate legislative compliance framework exists to identify risks and controls over compliance with applicable legislation and regulations.

Internal Audit and Compliance

The Committee shall:

- 2.1.10 monitor and review the effectiveness of the Council's internal audit function and program in the context of the Council's overall risk management system and annual budget.
- 2.1.11 review Council's compliance framework for identifying, monitoring and managing compliance with all laws and regulations.
- 2.1.12 obtain regular updates from Management and / or External Auditors regarding compliance matters in relation to the Council's significant statutory requirements.
- 2.1.13 review the progress of the internal audit function and make recommendations as appropriate.

External Audit

The Committee shall:

- 2.1.14 liaise and meet with Council's external auditor(s). The Committee shall meet the external auditor at least once a year.
- 2.1.15 consider and make recommendations to the Council, in relation to the selection, appointment, re-appointment and removal of the external auditor.
- 2.1.16 review and make recommendations to Council on the scope of work, reports and activities of the External Auditor, including interaction with any internal audit capability.
- 2.1.17 review the findings of the annual and interim audits with the External Auditor.
- 2.1.18 review the response by Management to reviews, recommendations and audit letters provided by the External Auditors.

Governance and Other

The Committee shall:

- 2.1.19 review and comment on the overall adequacy of Council's Policy development and Policy Management Framework.
- 2.1.20 to review the Delegations Register and recommend any changes which are necessary.

- 2.1.21 propose and review the exercise of powers under section 130A of the Local Government Act 1999 “Other Investigations” if required by Council and/ or deemed necessary by the Committee.
- 2.1.22 monitor and review the operation of Council’s subsidiaries in relation to the minutes and recommendations from their respective Committees.
- 2.1.23 any other matter which is within the powers of the Council and is appropriate to be referred to the Committee by the Council.
- 2.1.24 review and comment on the adequacy of the Council’s arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in a financial reporting or any other matters (whistle blowing and fraud).
- 2.1.25 at least once every two years, review its own performance to ensure it is operating with effectiveness and recommend changes it considers necessary to the Council for approval.
- 2.1.26 to do anything necessary, expedient or incidental to performing or discharging the functions of the Committee as listed herein or to achieving its objectives.

3. **MEMBERSHIP**

- 3.1. The Committee will comprise 5 members as follows:
 - (a) 1 Presiding Member appointed by the Council;
 - (b) 2 independent members appointed by the Council;
 - (c) 2 Elected Members nominated by the Council;
- 3.2. It is desirable that independent members of the Committee have recent and relevant experience in professions such as, but not limited to, accounting, audit, financial, legal, risk management and governance.
- 3.3. Criteria used to select independent representatives and group representatives will have regard to gender balance, youth and cultural representations and seek to maintain and build upon a group voice that is broadly representative of the community.
- 3.4. The current members of the Committee are listed at Schedule 1 to these Terms of Reference.
- 3.5. The Committee may, by a vote supported by at least 3 members of the Committee, make a recommendation to the Council to remove a member of the Committee from office where a member has failed (without the leave of the Committee) to attend three consecutive meetings of the Committee.
- 3.6. Members of the Committee are eligible for re-appointment at the expiration of their term of office.
- 3.7. The Committee may be re-established by the Council after each Council periodic election.

4. PRESIDING MEMBER

- 4.1. The Council will appoint the Presiding Member of the Committee.
- 4.2. No Deputy Presiding Member of the Committee will be appointed.
- 4.3. If the Presiding Member of the Committee is absent from a meeting then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member is present.
- 4.4. The role of the Presiding Member includes:
 - 4.4.1 overseeing and facilitating the conduct of meetings in accordance with the *Local Government Act, the Local Government (Procedures at Meetings) Regulations 2013*, and the '*Section 41 Committees Meeting Procedure Protocols*'.
 - 4.4.2 ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner; and
 - 4.4.3 where a matter has been debated significantly and no new information is being discussed to call the meeting to order and ask for the debate to be finalised and the motion to be put.

5. COUNCIL MEMBERS

- 5.1 Council Member appointments to the Committee shall be for 4 years, aligning with the cycle for Council elections.
- 5.2 Council Members are eligible for reappointment at the end of their term.
- 5.3 The Council may also appoint a Council Member as a Proxy Member to the Committee to fill in for a Council Member who is a member of the Committee and cannot attend a Committee meeting.

6. SITTING FEES

- 6.1 The Presiding Member and Independent Members, when attending the Committee meetings, will be paid a sitting fee for their attendance. This will be determined by Council during their appointment.
- 6.2 Sitting fees are not paid to Council Members. Travel allowance will be paid pursuant to Regulation 5(2)(a)(ii) of the *Local Government (Members Allowances and Benefits) Regulations 1999*.

7. REIMBURSEMENT OF EXPENSES

- 7.1 Reimbursements of Expenses incurred by member of the Committee will be paid in accordance with the Council's '*Council Members' Allowances & Benefits Policy*'.

8. CONDUCT AND DISCLOSURE OF INTERESTS

- 8.1 Members of the Committee must comply with the conduct and conflict of interest provisions of the Act. In particular, sections 62, 63, 64, 73 and 74 must be observed.

- 8.2 All independent members on Section 41 Committees need to complete a Register of Interest in accordance with chapter 5 part 4 – Division 2 of the *Local Government Act 1999*.

9. **OPERATIONAL MATTERS**

- 9.1. The Council has not delegated any of its powers to the Committee. Accordingly, all decisions of the Committee constitute recommendations to the Council.
- 9.2. The Committee shall meet quarterly as a minimum, as determined by the Committee.
- 9.3. A quarterly schedule of meetings will be developed and agreed by the members at the first meeting of the Audit Committee each financial year.
- 9.4. The Chief Executive Officer is delegated the authority to vary the quarterly meeting schedule after liaison with the Audit Committee Presiding Member.
- 9.5. The Chief Executive Officer is delegated to cancel a meeting of the Audit Committee within the quarterly meeting schedule should the Committee have no matters for consideration.
- 9.6. A Special Meeting of the Audit Committee may be called in accordance with the Act.

10. **10. NOTICE OF MEETINGS**

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 Audit Committee and observers, no later than three (3) ordinary days before the date of the meeting. Supporting papers shall be sent to the Audit Committee Members (and to other attendees as appropriate) at the same time.

11. **PUBLIC ACCESS TO MEETINGS**

- 11.1. The Committee shall meet at the Office of the Council located at 17 Second Street, Orroroo SA 5431.
- 11.2. Members of the public are able to attend all meetings of the Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 of the Act.

12. **MEETING PROCEDURE**

- 12.1. The Council has resolved that Part 2 of the *Local Government (Procedures at Meetings) Regulations 2013* does not apply in respect of the Committee. Accordingly, subject to these Terms of Reference, the Committee shall at all times observe the '*Section 41 Committees Meeting Procedures Protocol*'.
- 12.2. Insofar as the Act, the Regulations, the Section 41 Committees Meeting Procedures Protocol or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.
- 12.3. Subject to clause 3.4 of these Terms of Reference, all decisions of the Committee shall be made on the basis of a majority of the members present.

- 12.4. A quorum for a meeting of the Committee is 3 members of whom at least two (2) must be independent members.
- 12.5. Any Elected Member who is not a member of the Committee is able to address members of the Committee and provide contribution at any Committee meeting of which they are not a member.
- 12.6. All members of the Committee must (subject to a provision of the Act or Regulations to the contrary) vote on any matter arising for decision at a meeting of the Committee.
- 12.7. Every member of the Committee has a deliberative vote only. In the event of a tied vote the person presiding at the meeting does not have a second or casting vote.
- 12.8. The CEO shall provide adequate support resources for the purposes of co-ordination and preparation of agendas and reports for and minutes of Committee meetings and as a point of contact for all Committee members.

SCHEDULE 1

1. **Presiding Member:**

2 year appointment - Term 28th July 2021 to 30th July 2023:
Mr David Powell (Independent)

2. **Independent Members:**

2 year appointment – Term November 2022 to October 2024:
Mr Max Murawsky
Mr Robert Reiman

3. **Members of the Committee:**

4 year term – Term November 2022 to October 2026:
Mayor Kathie Bowman
Cr Joylene Ford