

Audit and Risk Committee

Terms of Reference

Endorsed 29 November 2022

1. Establishment of the Audit and Risk Committee

- 1.1 Pursuant to Section 41 and Section 126 of the Local Government Act 1999 (the Act) the Council establishes a Committee to be known as the Audit & Risk Committee (the Committee) for the purpose of:
- Providing independent assurance, advice and oversight to Council on matters relating to accounting, financial management, internal controls, audit, legislative compliance, risk management, good governance and reporting practices; and
 - ensuring effective communication between the Council, Administration and External and Internal Auditors in accordance with the Act and other relevant legislation.

2. Delegation of the Committee

- 2.1 The Committee has the following delegations from the Council:
- Confirm minutes of previous meetings as a true and accurate record of proceedings.
 - Appoint a Presiding Member and Acting Presiding Member in accordance with this Establishment and Terms of Reference.
 - Set meeting times / dates in accordance with this Establishment and Terms of Reference.
 - Receive and provide comment on information reports and presentations.
 - Consider and hold matters in Confidence in accordance with the Local Government Act and relevant Regulations.
- 2.2 The Committee has no authority to act independently of Council. The Committee is authorised by the Council to undertake work efficiently and effectively to meet the objectives described by this Establishment and Terms of Reference.
- 2.3 The Committee does not have any financial delegations. If required for a specific purpose, these will be sought from the Council at the time or where appropriate through the Chief Executive Officer's delegation.

- 2.4 The Committee shall at all times act in strict accordance with relevant legislation (being the Act and associated Regulations) and with written policies, guidelines and protocols of the Council, which are relevant to the Committee in the performance of its functions.
- 2.5 Pursuant to Section 41(8) of the Act, all decisions of the Committee, outside of delegation, will be referred to the Council as recommendations of the Committee. The reporting of the decisions of the Committee to the Council in this manner is sufficient to satisfy the reporting and accountability requirements of Council.

3. Role of the Committee

3.1 The Committee is charged with enquiring into and making recommendations to the Council where necessary with respect of the following matters:

3.1.1 Financial Reporting and Sustainability

- Review the Annual Financial Statements and application of accounting policies with Administration and the External Auditor and provide opinion to the Council on whether they present fairly the state of affairs of Council.
- Review and make recommendations to the Council regarding any other significant financial, accounting and reporting issues as deemed necessary by the Committee, Council or Administration.
- Consider and provide comment on the financial and risk related issues associated with any Council business referred to it by the Council for such comment.

3.1.2 Risk Management and Internal Control

- Monitor and review the performance and adequacy of Council's Risk Management Program and Framework for identifying, monitoring and managing significant business risks, including WHS and Council's Business Continuity Plan.
- Annually review Council's insurance program for adequacy having regard to business and insurable risks associated with Council's business.
- Review and comment on the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.
- Review and evaluate the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks.

3.1.3 External Audit

- Consider and recommend to the Council on the appointment of an External Auditor including the Terms of Engagement and fees of the External Auditor at the start of each audit contract.
- Make recommendation to Council on the scope of work, reports and activities of the External Auditor, including interaction with any internal audit capability.
- Review the findings of the annual and interim audits with the External Auditor.
- Meet with the External Auditor at least annually without Administration being present to enable discussion of any issues arising out of the External Audit program during the year.

- Review and monitor Administration’s responsiveness to reviews, recommendations and audit letters provided by the External Auditor.
 - Review the performance of the External Auditor on an annual basis
- 3.1.4 Internal Audit and Compliance
- Receive and comment on reports received by the Chief Executive Officer in relation to the appointment of Council’s Internal Auditor in accordance with Sec 125A(1) of the Act
 - Oversee and approve the work program for the internal audit function within the annual budget provided by Council and monitor progress against the work program.
 - Receive reports on internal audit projects from the Internal Auditor and monitor managements responsiveness to the findings and recommendations of the internal auditor.
 - Meet with the Internal Audit Partner at least annually without Administration being present to enable discussion of any issues arising out of Internal Audits carried out during the year.
 - Annually review Council’s Compliance Framework for identifying, monitoring and managing compliance with all laws and regulations.
 - Seek and obtain regular updates from Administration and / or External Auditor regarding compliance matters in relation to Council’s significant statutory requirements and any others matters prescribed by regulation.
 - Review the progress of the internal audit function on a quarterly basis and make recommendations as appropriate.
- 3.1.5 Management Plans and Business Plans
- Review and provide advice on Council’s Strategic Management Plan Framework, Long Term Financial Plan, Annual Business Plan and Asset Management Plans.
 - Monitor and review the effective delivery of these plans.
 - Review and make recommendations to the Council regarding the assumptions, financial ratios and financial targets in the Long Term Financial Plan.
 - Review and provide recommendations and comment to the Council on Council’s Asset Management Plans.
 - Provide commentary and advice on the financial sustainability of Council and any risks in relation to, as part of the adoption of the Long Term Financial Plan, Annual Budget and periodic Budget Reviews.
- 3.1.6 Public Disclosure Act 2018
- Review and comment on the adequacy of Council’s arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or any other matters.
 - Ensure these arrangements allow independent investigation of such matters and appropriate follow up action.
- 3.1.7 Policy Development
- Undertake a questioning and testing role in the development and review of Council’s financial and risk management policies.
 - Review and comment on the overall adequacy of Council’s Policy Development and Policy Management Framework.
- 3.1.8 Other Matters
- Propose and review the exercise of powers under Section 130A of the Act “Other Investigations” if required by Council and / or deemed necessary by the Committee.
 - Monitor and review the Governance arrangements for Council’s subsidiaries and provide advice on the effectiveness of such

arrangements as they pertain to financial and other risk exposures to Council.

- Any other matter which is within the powers and functions of the Council and is appropriate to be referred to the Committee by the Council or by regulation.
- If the Council has exempted a subsidiary from the requirement to have an Audit Committee, the functions that would, apart from the exemption, have been performed by the subsidiary's Audit Committee.
- Review any report obtained by the Council under section 48(1)

4. Membership

4.1 Members of the Committee are appointed by Council in accordance with section 126(2) of the Act and this Establishment and Terms of Reference. The Committee shall comprise of six (6) members:

- Four (4) Independent Members
- Two (2) Council Members

4.2 Members of the Committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the Committee, including in financial management, risk management, governance, audit and any other prescribed matter;

- The Presiding Member of the Committee must be an Independent Member and be appointed by the Committee for a term of 12 months. The outgoing Presiding Member will be eligible for reappointment to the position.
- No Deputy Presiding Member will be elected, an Acting Presiding Member (Chair) will be nominated at the meeting (by simple majority of those members present) should the Presiding Member be unable to attend.
- Members of the Committee shall be appointed in accordance with the table outlined overleaf and shall hold office at the pleasure of Council.

Committee Member	Appointment Process	Term of Office
Independent Members	<p>Appointment by Council's Independent Member Selection Committee (or by Council direct in the absence of such Committee) utilising contemporary recruitment and selection processes in line with Council's Policies and Procedures.</p> <p>Re-appointment, by the Council on the recommendation of the independent Member Selection Committee (or Administration in the absence of such Committee)</p>	Generally four (4) years, subject to paragraph 4.4 below

Council Committee Members	Appointed by Council	2 years
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- 4.3 A proxy Council Member may be appointed by the Council. If a proxy Council Member is appointed, they will assume the role and responsibilities of a member of the Committee in the following circumstances, subject to their availability:
- Automatically on advice (to Administration) from a Council Member of the Committee that they will be an apology for a particular meeting.
 - On decision of the Committee, where the proxy is present, and an Council Member of the Committee is absent from a meeting, noting that should the Council Member of the Committee subsequently arrive they will take over from the proxy member at that point and this will be recorded in the minutes.
- 4.4 Appointments for independent members shall be for a term of up to four years however consideration will be given to shorter terms as required to enable staggering of potential reappointment dates to assist with management of continuity of experience on the Committee. Independent members may be reappointed at the discretion of Council for a subsequent term (or terms) up to a maximum consecutive service of eight (8) years. Extension of terms beyond eight (8) consecutive years can be made by Council following the consideration of an appropriate approach to market.

5. Meeting Times & Location

- 5.1 The Committee will meet at the Civic Centre, quarterly to transact normal committee business with an additional meeting scheduled to consider Council's Annual Financial Statements, i.e. five (5) meetings per year. The Committee may also meet at the request of the Presiding Member in consultation with the Committee and agreement of the Chief Executive Officer, or at the request of Council.
- 5.2 The Presiding Member, in consultation with the Committee Members and the Chief Executive Officer, can vary the meeting schedule as required.

6. Meeting Procedures

- 6.1 The Committee shall conduct its meetings in accordance with Part 2 and Part 3 of the Local Government (Procedures at Meetings) Regulations 2013 and Council's Code of Practice as applicable
- 6.2 A quorum for a meeting of the Committee shall be three members.
- 6.3 All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 6.4 Only members of the Committee, or their proxy, if appointed for a meeting in accordance with 4.3 above, are entitled to vote in committee meetings.
- 6.5 The Committee will develop, maintain and implement a work plan, which will serve the purpose of a forward agenda detailing the proposed agenda items and meeting dates.

7. Meeting Cancellation

- 7.1 After considering advice from the Chief Executive Officer or delegate, the Presiding Member of the Committee is authorised to cancel the respective committee meeting if there is no business to transact for that designated meeting.
- 7.2 Members are to be advised as soon as possible and not less than 24 hours before the scheduled meeting. Advice of the same should be posted on the Council's website

8. Conduct and Disclosures of Interests

- 8.1 Members of the Committee must comply with the conflict of interest provisions of the Local Government Act 1999, in particular Sections 62 (general duties), 63 (code of conduct) and 73-74 (conflict of interest, members to disclose interests) must be adhered to.
- 8.2 Members of the Committee must comply with the Code of Conduct for Council Members and Chapter 5 Part 4 of the Local Government Act 1999 relating to Conduct and Disclosure of Interests.

9. Secretarial Resources

- 9.1 The Chief Executive Officer shall provide an Executive Officer and a Minute Secretary to allow the Committee to enable it to adequately conduct its meetings.
- 9.2 In the event a separate Executive Officer or Minute Secretary is unavailable the Presiding Member will appoint a Member of the Committee as Minute Secretary for that meeting.

10. Reporting Requirements

- 10.1 The Committee shall provide an annual report and presentation to Council on the work of the Committee, including the Committee's view in relation to the key areas of responsibility under these Terms of Reference, being:
 - Council's long-term financial planning,
 - asset management planning,
 - financial statements and Council's financial position,
 - key financial and risk related policy issues,
 - Council's risk management practices and framework,
 - internal financial controls,
 - Public Interest Disclosure Act 2018 provisions (formerly known as Fraud and Whistleblower); and
 - other issues of note.
- 10.2 Minutes and Agendas of the Committee will be provided to Council for each meeting and made available on Council's website, Civic Centre and Libraries.
- 10.3 The Committee shall annually review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

10.4 In reviewing its performance, the Committee will have regard to:

- The achievement of the Committee’s role and Terms of Reference.
- The Committee’s decision-making process, the timeliness, quality and quantity of information received.
- The relationship with the Council, Administration and other members of the Committee.
- The involvement and attendance by members.

DOCUMENT CONTROL	
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