

COMMITTEE TERMS OF REFERENCE: Audit and Risk Committee

Issued: November 2022

Review Date: 1 November 2024

Version: 3



1. Establishment and Appointment

The Audit and Risk Committee is a formally appointed committee of the Barunga West Council, pursuant to Section 126 of the *Local Government Act 1999 (SA)* (the Act).

2. Objectives / Purpose of the Committee

2.1. The purpose of the Audit and Risk Committee is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management, effectiveness and efficiency (through service reviews) and governance matters.

2.2. The Audit and Risk Committee will report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference to facilitate informed decision making and ensure Council is operating effectively and efficiently to deliver public value.

3. Delegated Powers / Authority

The Audit and Risk Committee:

- a) does not have executive powers or authority to implement actions in areas which management has responsibility; and
- b) does not have any delegated financial responsibility or management functions and is, therefore, independent from management.

4. Membership

Members of the Audit and Risk Committee are appointed by Council in accordance with Section 126(2) of the Act and these Terms of Reference. The Committee shall consist of five (5) members:

- An Independent Chair;
- Two (2) Independent Members; and
- Two (2) Members of Council.

4.1. The majority of committee members must be persons who are not members of any council.

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 and any other prescribed matter.

4.3. Membership of the Committee:

- a) May not include an employee of the Council (although an employee may attend a meeting of the committee if appropriate); and
 - b) May include, or be comprised of, members of another council audit and risk committee or a regional audit and risk committee; and
 - c) Must otherwise be determined in accordance with the requirements of the regulations.
- 4.4. Recruitment of Independent Members will be undertaken by Administration in accordance with approved recruitment best practice and relevant policies and procedures. Once completed, a recommendation(s) for appointment will be presented to Council for a decision. The Mayor may be included on the selection panel.
- 4.5. Appointments of Independent Members shall be for a term of up to three (3) years. Three years is the preferred term; however consideration will be given to shorter terms to enable staggering of potential reappointment dates and to ensure there is continuity of experience on the committee.
- 4.6. Appointment of a Presiding Member will be an Independent Member appointed by Council to oversee and facilitate the conduct of meeting in accordance with the *Local Government Act 1999 (SA)*, the *Local Government (procedures at Meeting) Regulations 2013* and these Terms of Reference.
- 4.7. A Deputy Presiding Member may be appointed for a term as determined by the Audit and Risk Committee.
- 4.8. Appointees may be reappointed by Council for a further term (or terms) however consecutive service cannot exceed 8 years.
- 4.9. Appointment of council members shall be for a term of two (2) years. The appointees may be reappointed for another term which cannot exceed the term of Council.
- 4.10. Proxy members for Council Members may be appointed to the Audit and Risk Committee by the Council. The proxies appointed will be able to act for the Council Member appointed.
- 4.11. New Members will be provided with appropriate induction training determined by the Chief Executive Officer or their delegate.
- 4.12. Training will be offered to all members on an ongoing basis where relevant to Barunga West Council business and as approved by the Chief Executive Officer.
- 4.13. If the Council proposes to remove a Member of the Committee for any given reason, 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.

5. Allowances / Sitting Fees

Sitting fees will be reviewed and set by Council from within 6 months of the General Election. Professional fees will also be paid for the advice and attendance of the Auditors at the Audit and Risk Committee. There are no associated sitting fees for the Mayor or Councillor appointed to the Audit and Risk Committee.

6. Functions / Role of the Committee

The functions of the Audit and Risk Committee include:

- 6.1. Reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council.
- 6.2. Proposing, and providing information relevant to, a review of Council's Strategic Management Plans or Annual Business Plans.
- 6.3. Monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by a Council's auditor.
- 6.4. Proposing, and reviewing, the exercise of powers under Section 130A of the Act.
- 6.5. Liaising with Council's auditor in accordance with any requirements prescribed by the regulations.
- 6.6. Internal Audit –
 - A. Where Council has an internal Audit Function – Provide an oversight of planning and scoping of the internal audit work plan, and review / comment on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or
 - B. If Council does not have an internal audit function – Review and comment on an annual report provided by the Chief Executive Officer in relation to the policies and processes adopted by the Council, to evaluate and improve the effectiveness of its internal control practices and procedures.

6.7. External Audit –

The Audit and Risk Committee shall Consider and make recommendations to the Council, in relation to the appointment, reappointment, scope of engagement and removal of the Council's external auditor in Accordance with Section 128-130 of the Act.

The Audit and Risk Committee will oversee the relationship with the External Auditor, including, but not limited to:

- a) Endorsing the audit timetable and audit plan;
- b) Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;

- c) Assessing the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
- d) Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
- e) Monitoring the external auditor's compliance with legislative requirements on the rotation of individuals in accordance with section 128(6) of the Act; and
- f) Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Audit and Risk Committee's own internal quality procedures).

6.8. Reviewing, evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

6.9. Reviewing any report obtained by the Council under Section 48(1) of the Act in accordance with Council's Prudential Management Policy.

6.10. Performing any other function determined by the Council or prescribed by the regulations.

7. Committee Meetings

7.1 Frequency

There must be at least one (1) Audit and Risk Committee meeting in each quarter, as required under section 126(5) of the Act.

The Chief Executive Officer is authorised to cancel or vary the meeting schedule after liaison with the Audit and Risk Committee Presiding Member.

A Special Meeting of the Audit and Risk Committee may be called in accordance with the Section 87 of the Act.

7.2 Resources

The Chief Executive Officer shall provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

The Audit and Risk Committee shall have access, at the Council's expense, to legal advice or other professional advice on any matter within its Terms of Reference.

7.3 Notice and Access to Meetings

Notice confirming the venue, time and date, together with an agenda of items to be discussed, shall be published no later than three ordinary days before the date of the meeting pursuant to Section 87 of the Act. Supporting papers shall be sent to the Audit and Risk Committee Members (and to other attendees as appropriate) at the same time.

In accordance with the principles of open, transparent and informed decision making, committee meetings must be conducted in a place open to the public. All meetings (Unless conducted via electronic means) will be held in the Port Broughton Council Chambers at 11 Bay Street, Port Broughton.

The agenda and minutes of committee meetings will be made available to the public, *subject to any items discussed in confidence under Section 90 of the Act and subsequently retained in confidence under Section 91 of the Act.*

The Chief Executive Officer, and other Barunga West Council employees may attend any meeting as observers or be responsible for preparing papers for the Audit and Risk Committee.

Council's Internal and External Auditors may be invited to attend meetings of the Audit and Risk Committee.

7.3 Quorum and Presiding Member

The quorum necessary for the transaction of business shall be 3 members - 2 of which will be required to be independent members. Quorum will also only be met if the majority of members present are independent members.

A Quorum must be present within 30 minutes of the scheduled start time for the meeting to proceed. A duly convened meeting of the Audit and Risk Committee at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit and Risk Committee.

If the Presiding Member is absent from a meeting, the Deputy Presiding Member (If such position is appointed) will preside at that meeting. If there both Presiding and Deputy Presiding Members are absent from a meeting, than a member of the Audit and Risk Committee chosen from those present will preside at the meeting.

7.4 Meeting Conduct

The Council has resolved to apply Parts 1, 3 and 4 of the Local Government (Procedures at Meetings) Regulations 2013 to the Audit and Risk Committee.

Insofar as the Act, the Regulations or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Audit and Risk Committee, the Audit and Risk Committee may determine its own procedure.

7.5 Voting

Only members of the Audit and Risk Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

Subject to clause 6.3 (Quorum) all decisions of the Audit and Risk Committee shall be made based on a majority of the members present.

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 and the matter will be considered lost.

7.6 Minutes

In accordance with Section 91(3) of the Act, minutes of the Audit and Risk Committee meetings shall be circulated within five ordinary days after a meeting to all members of the Audit and Risk Committee and to all Council Members and will (as appropriate) be available to the public.

7.6 Reporting

The Audit and Risk Committee must provide a report to the Council after each meeting summarising the work of the Committee during the period preceding the meeting and the outcomes of the meeting.

8. **Accountability**

The Chief Executive Officer will identify matters, further to those matters covered elsewhere in these Terms of Reference, to be reported to the Audit and Risk Committee in detail where those matters are considered to be of material effect, have a material impact on the operation of Council as an elected body (e.g. impact on policies relating to Council Members) or have significant impact on Council's operations.

The Audit and Risk Committee will conduct an annual review of its performance, membership and Terms of Reference to ensure it is operating at maximum effectiveness. Pursuant to Section 126(8)(b) the Audit and Risk Committee must provide an annual report to Council on the work of the Committee during the period to which the report relates.

Pursuant to Section 126(9), Council must ensure that the Audit and Risk Committee's annual report is included in its annual report.

9. **Member Conduct**

All members of the Committee, even independent members must, comply with the Councillor Code of Conduct and comply with the conflict of interest provisions of the Act.

10. Review History

The committee shall at least once a year, review its own performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

Responsible Work Area	Chief Executive Officer
Responsible Officer	Manager Corporate Services
Date/s Adopted	V1. May 2014 – Initial Adoption V1. (Draft) March 2017 – Amended Number of Independent Members V2. October 2020 – Amended wording and added sections. V3. November 2022 – Complete review undertaken due to many changes through LG Reform.
Date of next review	November 2024
Skytrust Reference	TBC
Records Reference	TBC