	<b>Function:</b> <b>CORPORATE SERVICES</b> <b>(FINANCIAL MANAGEMENT)</b>	<b>Adopted:</b> 3 <sup>rd</sup> March 2010 <b>Resolution No.:</b> C117:10
	<b>Policy Number:</b> FIN012	<b>Last Review:</b> 3rd June 2023 <b>Resolution No.:</b> C180:0623
	<b>Version Number:</b> <b>10</b>	<b>Next Review:</b> Shortly after Periodic Election (Refer Clause 12)
<b>AUDIT AND RISK COMMITTEE - TERMS OF REFERENCE</b>		

## 1. Establishment

1.1. The Audit and Risk Committee of Council (Committee) is established to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters; a requirement under Sections 126 and 41 of the Local Government Act 1999 (the Act); and in compliance with Regulation 17 of the Local Government (Financial Management) Regulations 2011.

## 2. Objectives

- 2.1. The Committee performs the following legislative functions:
- 2.1.1. Review annual financial statements to ensure that they present fairly the state of affairs of the Council.
  - 2.1.2. Propose and provide information relevant to a review of the Council's strategic management plans or annual business plan.
  - 2.1.3. Monitor the responsiveness of the Council to recommendations for improvements based on previous audits and risk assessments, including those raised by a Council's external auditor.
  - 2.1.4. Propose and review the exercise of powers under Section 130A of the Act.
  - 2.1.5. Liaise with the Council's external auditor in accordance with any prescribed by the regulations.
  - 2.1.6. Review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis.
  - 2.1.7. Provide oversight of planning, scoping and delivery of the internal audit work plan.
  - 2.1.8. Review and comment on reports provided by the person primarily responsible for the internal audit function on a quarterly basis.
  - 2.1.9. Review and evaluate the effectiveness of policies, systems and procedures established and maintained for identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.
  - 2.1.10. Make recommendations to Council the appointment of external auditor under Section 128 of the Act.
  - 2.1.11. Review any reports prepared for Council under Section 48(1) of the Act (Prudential requirements for certain activities).
  - 2.1.12. Consider or perform any other function which may be referred to it by the Council, another Council Committee, or prescribed by the regulations.

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### 3. Membership

- 3.1. The Committee will comprise of a maximum of five (5) Members appointed by the Council, being three (3) Independent members and two (2) Elected members, with the Presiding member of Council being a member of the Committee.
- 3.2. No Deputy Presiding Member will be appointed.
- 3.3. The membership of the Committee:
  - 3.3.1. 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;
  - 3.3.2. May not include an employee of the Council (although an employee may attend a meeting of the committee if appropriate;
  - 3.3.3. May include, or be comprised of members of another Council audit and risk committee or a regional audit and risk committee; and
  - 3.3.4. Must otherwise be determined in accordance with the requirements of the regulations.
- 3.4. A Committee member may resign from their position at any time by giving notice of their intention in writing to the Chief Executive Officer and may be removed from office by Council resolution at any time.
- 3.5. Independent Members
  - 3.5.1. The Independent members will be appointed for two (2) with the term of office commencing midpoint of the Council term. In the event that there is a casual vacancy in the position of Independent member, the period of appointment of a new Independent member may be for a period less than two (2) years.
  - 3.5.2. The Independent member will have the necessary skills, knowledge and experience to ensure the effective discharge of the duties of the Committee. The following skill sets should include:
    - 3.5.2.1. Financial management
    - 3.5.2.2. Information technology
    - 3.5.2.3. Risk management
    - 3.5.2.4. Governance
    - 3.5.2.5. Internal audit
    - 3.5.2.6. External audit Strategic management
    - 3.5.2.7. Asset management
    - 3.5.2.8. Work health and safety management
  - 3.5.3. At the time of a vacancy of an Independent member, a selection panel comprising the Presiding member of the Committee and the Chief Executive Officer or their delegate, will undertake a selection process through an expression of interest and interview process (where relevant) and recommend Independent candidate(s) to the Council for appointment as Independent member(s).
  - 3.5.4. Independent members are eligible for reappointment at the end of their term.

### 3.6. Council Members

- 3.6.1. The Council members will be appointed by the new Council at the first meeting and by resolution thereafter as required for two (2) years from the date of appointment.
- 3.6.2. Council members of the Committee will hold office until the conclusion of the Local Government periodic election or their appointment is revoked by the Council.
- 3.6.3. Council members are eligible for reappointment at the end of their term.
- 3.6.4. The Council may 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.

### 3.7. Sitting Fees and Reimbursement of Expenses

- 3.7.1. Independent members when attending Committee meetings, will be paid a Sitting fee for their attendance as adopted by resolution of the new Council at the first meeting following the periodic election.
- 3.7.2. Sitting fees are paid following each meeting and are GST exclusive.
- 3.7.3. Reimbursement of expenses incurred by Committee members will be paid in accordance with the Council Member Allowance and Support Policy.

### 3.8. Conduct and Disclosure of Interests

- 3.8.1. Members of the Committee must comply with the conduct and conflict of interest provisions, in particular Sections 62, 63, 64, 73 and 74 provisions of the Act.
- 3.8.2. All Independent members on Section 41 Committees are required to complete and lodge a Form 4 Register of Interest (Ordinary Return) with the Chief Executive Officer, no later than sixty (60) days after 30 June each year.

## 4. Presiding Member (absence)

- 4.1. In the absence of the Council appointed Presiding member, the Committee will appoint a Council member as Acting Presiding member for duration of the meeting.

## 5. Meetings

- 5.1. Meetings of the Committee will comply with the Local Government Act 1999 (including the Statutes Amendment (Local Government Review) Act 2021 (No. 26 of 2021), and:
  - 5.1.1. Local Government (Procedures at Meetings) Regulations 2013
  - 5.1.2. Local Government (General) Regulations) 2013
  - 5.1.3. Council's Code of Practice – Meeting Procedures.
  - 5.1.4. Council's Code of Practice – Access to Meetings and Documents.
  - 5.1.5. In the event Audit and Risk Committee Terms of Reference does not provide a directive on a specific matter, the Committee will default to the Regulations and Code of Practice above.

## 5.2. Frequency of Meetings

- 5.2.1. The Committee shall meet at least once every quarter at appropriate times within the reporting and audit cycle.
- 5.2.2. The meeting dates and times are set by Council each year.
- 5.2.3. Additional meeting can be held, if required.
- 5.2.4. The minutes of each meeting must specify the date of the next ordinary meeting of the Committee.
- 5.2.5. A special meeting of the Committee may be called in accordance with the Act.
- 5.2.6. After considering advice from the Chief Executive Officer, 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.

## 5.3. Notice of Meetings

- 5.3.1. A minimum of three (3) clear days' notice of an Ordinary meeting of the Committee will be provided to members of the Committee.
- 5.3.2. Public notice of meetings will be given by publishing the annual meeting schedule on the Council website [www.coppercoast.sa.gov.au](http://www.coppercoast.sa.gov.au) and in the Council's quarterly Newsletter.
- 5.3.3. A copy of the Notice of Meeting and Agenda will be placed on display at Council's Principal Office (51 Taylor Street, Kadina SA 5554) and on the Council website [www.coppercoast.sa.gov.au](http://www.coppercoast.sa.gov.au) at the time members of Committee are provided with a copy.
- 5.3.4. Meeting documents will be provided electronically to Committee members.

## 5.4. Attending Meetings

- 5.4.1. Members of the public can attend Committee meetings unless prohibited by the resolution of the Committee under the confidentiality provisions of Section 90 of the Act.
- 5.4.2. The Chief Executive Officer, Directors and Internal Control and Accounting Officer may prepare reports and attend Committee meetings as observers.
- 5.4.3. Council's external auditors may be invited to attend meetings of the Committee.

## 5.5. Quorum

- 5.5.1. A quorum for the Committee will be ascertained by dividing the total number of members of the Committee by two (2), ignoring any fraction resulting from the division and adding one (in accordance with the Local Government (Procedures at Meetings) Regulations 2013, regulation 26(a)).

## 5.6. Voting

- 5.6.1. Each member of the Committee at a meeting will have one (1) vote.
- 5.6.2. Each member of the Committee at a meeting must vote on every matter before the Committee for decision, unless otherwise required by the conflict of interest provisions in the Act.

- 5.6.3. In accordance with Regulation 27 of the Local Government (Procedures at Meetings) Regulations 2013, the Presiding member will have a deliberative vote but does not, in the event of an equality of votes, have a casting vote.
  - 5.6.4. The Proxy member is entitled to vote where a Council member, who is a member of the Committee, has delegated their voting power to the Proxy member due to non-attendance.
  - 5.6.5. In the event of a tied vote where the members have not decided, the question is neither carried nor lost, the matter may be referred back to the Committee (with or without additional information to inform the debate and decision making) or referred to Council for a resolution.
- 5.7. Minutes of Meetings
- 5.7.1. The Chief Executive Officer will ensure that the proceedings and resolutions of all Committee meetings are recorded in the minutes of the meeting and comply with Council's Code of Practice Meeting Procedures.
  - 5.7.2. Minutes of Committee meetings will be circulated within five (5) days after a meeting to Committee members and Council members in accordance with Council's Code of Conduct Access to Meetings and Documents.
  - 5.7.3. In accordance with Section 41(8) of the Act, the Minutes of the Audit and Risk Committee will be presented to the next meeting of Council.

## 6. Functions and Operations of the Committee

- 6.1. Functions of the Council Audit and Risk Committee
- 6.1.1. Review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
  - 6.1.2. Propose and provide information relevant to, a review of the Strategic Management plans or Annual Business plan;
  - 6.1.3. Monitor the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by a Council's external auditor;
  - 6.1.4. Liaise with the Council's external auditor in accordance with Section 128 of the Act and requirements prescribed by the regulations;
  - 6.1.5. Review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis;
  - 6.1.6. Provide oversight of planning and scoping of the internal audit work plan and review and comment on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;
  - 6.1.7. Review and 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;
  - 6.1.8. Review any report obtained by the Council under Section 48(1);
  - 6.1.9. When necessary, propose and review the exercise of Council's powers under Section 130A of the Act, concerning the conduct of economy audits that would not otherwise be addressed or included as part of an annual external audit;

- 6.1.10. Review annually, the constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval;
  - 6.1.11. Evaluate its performance annually, which may occur as an informal discussion; and
  - 6.1.12. Perform any other function determined by the Council or prescribed by the regulations.
- 6.2. The Committee shall:
- 6.2.1. Be provided sufficient administrative resources to enable it to carry out its functions adequately in accordance with Section 26 of the Act;
  - 6.2.2. Be provided with appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
  - 6.2.3. Give due consideration to the Act and regulations made under the Act;
  - 6.2.4. Oversee any investigation of activities that are within its Terms of Reference;
  - 6.2.5. Address issues brought to the attention of the Committee, including responding to request from Council or the Chief Executive Officer;
  - 6.2.6. If appropriate, consider and provide recommendations regarding any other entity the Council has, or intends to have, a pecuniary interest in;
  - 6.2.7. Comply with Council policies, procedures and practices; and

## 7. Reporting Requirements

- 7.1. The Committee, in accordance with Section 126 of the Act is required to:
- 7.1.1. 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; and
  - 7.1.2. Provide an Annual report to the Council on the work of the Committee during the period to which the report relates.
  - 7.1.3. Ensure that the Annual report of the Committee is included in its Annual report.
- 7.2. The Committee may submit a report to Council and make recommendations as it deems appropriate on any area within the Terms of Reference where in its view; action or improvement is needed.

## 8. Complaints

- 8.1. Complaints under this Term of Reference must be in writing to the Chief Executive Officer and lodged in accordance with Council's Complaints Policy.

## 9. Council Delegation

- 9.1. Pursuant to Section 44 of the Local Government Act 1999, Council has delegated to the Chief Executive Officer authority to administer Council's policies (including the Terms of Reference).

**10. Adoption and Review**

10.1. The Term of Reference shall be every four years (at the first meeting of the new Council), or more frequently, if legislation or Council requires by the Corporate Services Department and a report shall provide to Council for consideration and adoption.



**11. Records Management**

11.1. Official records will be managed in accordance with Council’s Records Management Policy pursuant to Section 125 of the Local Government Act 1999.

**12. Availability of the Document**

12.1. The Terms of Reference will be available for inspection without charge at Council’s Principal Office and on Council’s website [www.coppercoast.sa.gov.au](http://www.coppercoast.sa.gov.au).

12.2. A copy of this document may be obtained on payment of a fee in accordance with Councils’ Register of Fees and Charges.

Signed		
	Mayor	Chief Executive Officer
Date	14th June 2023	