



AUDIT COMMITTEE - TERMS OF REFERENCE -

1. ESTABLISHMENT

- 1.1. The Audit Committee is established pursuant to Sections 41 and 126 of the *Local Government Act 1999* ("the Act").
- 1.2. The Committee is defined as a "prescribed committee" in the Remuneration Tribunal *SA Determination No. 6 of 2018, Allowances for Members of Local Government Councils*, dated 30 August 2018.

2. OBJECTIVES

- 2.1. Section 126(4) of the Act describes the functions of the audit committee to include:
 - 2.1.1. Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
 - 2.1.2. Proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
 - 2.1.3. Proposing, and reviewing, the exercise of powers under section 130A of the Act; and
 - 2.1.4. Liaising with the council's auditor; and
 - 2.1.5. Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.
- 2.2. Specifically, the Audit Committee will:
 - Financial Reporting and Sustainability
 - 2.2.1. Review 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.
 - 2.2.2. Review and make recommendations to the Council regarding the assumptions, financial indicators and targets in the Long Term Financial Plan, including financial sustainability of the Council and any risks in relation to the adoption of the Long Term Financial Plan and Annual Budget.
 - 2.2.3. Review, make recommendations and observations to Council on the financial outcomes of the Asset Management Plans.

- 2.2.4. Propose and provide information relevant to a review of the Council's strategic management plans or annual business plans.
- 2.2.5. 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

- 2.2.6. Monitor and review the performance and adequacy of Council's risk management framework for identifying, monitoring and managing significant business risks, including Work Health and Safety and Business Continuity Planning.
- 2.2.7. Review and comment on the adequacy of internal controls, internal audit, financial management systems and practices.
- 2.2.8. Ensure an appropriate compliance framework exists to identify risks and controls for compliance with applicable legislation and regulations.

Internal Audit and Compliance

- 2.2.9. Monitor and review the effectiveness of the Council's internal audit function and program in the context of the Council's overall risk management framework.
- 2.2.10. Contribute to the development of the Internal Audit Plan, review internal audit reports and meet with Internal Auditors as required.
- 2.2.11. Obtain regular updates from Management and/or Internal Auditors regarding compliance matters in relation to Council's statutory requirements, and provide comment to Council where necessary as part of the Committees reporting responsibilities.

External Audit

- 2.2.12. Liaise with, and meet with Council's External Auditor at least once per year.
- 2.2.13. Consider and make recommendations to the Council in relation to the selection, appointment and removal of the External Auditor.
- 2.2.14. Review and make recommendations to Council on the scope of work, reports and activities of the External Audit, including interaction with any internal audit capability.
- 2.2.15. Review the findings of the annual and interim audits with the External Auditor.
- 2.2.16. Review the response by Management to reviews, recommendations and audit letters provided by the External Auditor.

Governance

- 2.2.17. Review and comment on the overall adequacy of Council's Policy Framework.
- 2.2.18. 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.
- 2.2.19. Consider, monitor and review the operation of Council's subsidiaries in relation to the minutes and recommendations from their respective

Committees and any other matter which is within the powers of the Council and is appropriate to be referred to the Committee by the Council.

2.2.20. 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 appointed by Council as follows:
 - 3.1.1. Three (3) independent members; and
 - 3.1.2. Two (2) Elected Members.
- 3.2. Independent members of the Committee must have recent and relevant experience in professions such as, but not limited to, accounting, audit, financial management, legal, risk management and governance.
- 3.3. Criteria used to select independent members will have regard to gender balance, youth and cultural representation.
- 3.4. It is desirable for Elected Members appointed to the Committee to have a sound understanding of financial management principles, and skills/knowledge in areas such as, but not limited to, risk management and governance.
- 3.5. Committee member appointments are for a term determined by Council.
- 3.6. Membership of the Committee continues for the term of appointment *unless* a member resigns, is otherwise incapable of continuing as a member, or is removed from office by the Council.
- 3.7. The Committee may, by a vote supported by at least half plus one of the 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.
- 3.8. Members of the Committee are eligible for re-appointment at the expiration of their term of office.
- 3.9. Council will determine the sitting fees for independent members. Sitting fees are payable based on attendance at meetings.
- 3.10. Independent members of the Committee are required to complete and submit Primary and Ordinary Returns and comply with Conflict of Interest provisions set out in the Act.

4. PRESIDING MEMBER

- 4.1. The Council will appoint the Presiding Member of the Committee.
- 4.2. The Council authorises the Committee to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises, the Committee to make the appointment to that position for a term determined by the Committee.
- 4.3. If the Presiding Member of the Committee is absent from a meeting the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member of the Committee are absent from a meeting of the Committee, then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.

- 4.4. The Presiding Member, with the CEO, has responsibility for execution of the Independence of External Auditor declaration as part of the end of financial year audit process.
- 4.5. The role of the Presiding Member includes:
 - 4.5.1. overseeing and facilitating the conduct of meetings in accordance with the *Local Government Act 1999*, and the *Local Government (Procedures at Meetings) Regulations 2013*.
 - 4.5.2. ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

5. OPERATIONAL MATTERS

5.1. Frequency of Meetings

- 5.1.1. The Committee shall meet, at least four (4) times per year at appropriate times in the financial reporting cycle, and when the Committee may otherwise deem necessary. The CEO is authorised to determine the time and date of each meeting of the Committee.
- 5.1.2. The CEO is authorised, after consulting with the Presiding Member of the Committee, to cancel the respective Committee meeting, if it is clear that there is no business to transact for that designated meeting. Members are to be advised at least 3 clear days before the scheduled meeting. Advice of the same will also be posted on Council's website.

5.2. Delegation

- 5.2.1. The Committee is not delegated any of the decision making powers, functions or duties of the Council. All decisions of the Committee will therefore constitute recommendations to the Council to consider and determine.

5.3. Notice of Meetings

- 5.3.1. Notice of the meetings of the Committee will be given in accordance with sections 87 and 88 of the Act. Accordingly, notice will be given:-
 - (a) to members of the Committee by email, or in a form as otherwise agreed by Committee members, at least 3 clear days before the date of the meeting; and
 - (b) to the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.
- 5.3.2. The agenda and reports for all meetings of the Committee must be delivered to members of the Committee at least 3 clear days before the meeting.

5.4. Reporting

- 5.4.1. For the purposes of section 41(8) of the Act, the Council determines that the Audit Committee will satisfy reporting and other accountability requirements through the presentation of the minutes of each meeting of the Committee at the next ordinary meeting of the Council following each Committee meeting.

5.4.2. At the request of the CEO, the Presiding Member (and other Independent Members as required) shall provide a report and/or presentation to the Council relating to Strategic Financial, Risk or Governance matters.

5.5. Public Access to Meetings

5.5.1. The Committee shall meet at the Offices of the Council located at 181 Unley Road, Unley SA 5061.

5.5.2. 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.

6. MEETING PROCEDURE

6.1. The Council has resolved to apply Part 2 of the *Local Government (Procedures at Meetings) Regulations 2013* to this Committee.

6.2. Insofar as the Act, the Regulations, the Code of Practice - Meeting Procedures 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.

6.3. Subject to clause 6.4 of these Terms of Reference, all decisions of the Committee shall be made on the basis of a majority of the members present.

6.4. A quorum is ascertained by dividing the total number of Committee members by two, ignoring any fraction resulting from the division, and adding one.

6.5. If the Mayor attends a meeting of the Committee as *ex-officio*, the Mayor's attendance will be included in the calculation of quorum.

6.6. 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.

6.7. 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 and the matter will be referred to Council for decision.

6.8. Any decision of the Committee which does not arise from a recommendation of a Council officer must be supported in the minutes of the meeting by clear reasons for the decision.

Responsible Department:	Business Support and Improvement
Responsible Officer:	General Manager Business Support and Improvement
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