Audit & Risk Committee
Terms of Reference

District Council of
Mount Remarkable

1. Establishment

1.1 The District Council of Mount Remarkable Audit and Risk Committee ("the Committee") is a Committee of the District Council of Mount Remarkable ("the Council") established pursuant to the provisions of Sections 41 and 126 of the Local Government Act 1999 as amended ("the Act") to oversee and advise the Council on matters of accountability, internal control, sound financial management, risk and financial governance.

1.2 The overall function of the Committee is to provide an independent check on key Council activities (accounting, financial management, internal controls, risk management and governance matters) to support the Council in meeting its responsibility to use Community resources for the overall benefit of the Community, that is, to keep the Council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery, under review [Sec 59 (1) (a) (iii) of the Act].

2. Membership

2.1 Members of the Committee are appointed by the Council.
The Committee shall consist of
- Two (2) Elected Members of the Council; and
- Three (3) Independent Members.

2.2 Membership may include members of another council audit and risk committee or a regional audit and risk committee.

2.3 Independent members of the Committee shall have recent and relevant financial, risk management and internal audit experience.

2.4 Members of the Committee must collectively have the skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, and governance.

2.5 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required (by the conflict of interest provisions in the Act) not to vote, each member must vote on every matter that is before the Committee for decision.

However other individuals such as the Chief Executive Officer and/or members of the management team normally would attend any meeting as observers and/or be responsible for preparing papers for the Committee. In accordance with the principles of open, transparent and informed decision making, Committee meetings must be conducted in a place open to the public. The agenda and minutes of the Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Act and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.

2.6 Council's external auditors may be invited to attend meetings of the Committee but may not become a member of the Committee.

2.7 Appointments to the Committee from among the Councillors of Council shall be for a period of up to four years, or until the end of the term of the Council.

2.8 Independent members of the Committee shall be appointed for a period of up to four years, commencing part-way through an election cycle, so that their terms overlap each Council election and provide some continuity. Appointees may be reappointed by Council, but not exceeding eight (8) consecutive years.

2.9 Independent members of the Committee are required to submit an Ordinary and Primary Return each financial year.

3. Chairperson

3.1 **Appointment of the Chairperson**
An Independent Member of the Committee shall be appointed as the Chairperson of this Committee, as determined by the Council.

3.2 **Role of the Chairperson**
The Chairperson of the Committee shall:

3.2.1 Call all meetings of the Committee;

3.2.2 Preside at all meetings of the Committee at which he/she is present and preserve order thereat so that the business may be conducted in due form and with propriety;

3.2.3 Upon confirmation of the minutes, sign them in the presence of the meeting or electronically as a true, accurate and correct record of the proceedings of that meeting.

3.3 In the event of the Chairperson being absent from a meeting, the members present shall appoint an independent member who shall preside over that meeting or until the Chairperson is present.

4. Secretarial resources

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

5. Quorum

5.1 The quorum necessary for the transaction of business shall be 50% of the number of members of the Committee plus one. At least one Elected Member representative needs to be present as part of the 50% plus one to make up the quorum. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. Frequency of Meetings

6.1 The Committee must meet at least once each quarter at appropriate times in the reporting and audit cycle.

7. Notice of Meetings

7.1 Ordinary meetings of the Committee will be held at times and places determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.

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

8. Minutes of Meetings

8.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance are recorded in meeting minutes and that the minutes otherwise comply with the requirements of the Local Government (Procedures at Meetings) Regulations 2013.

8.2 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and to all members of the Council and will (as appropriate) be available to the public.

8.3 After each meeting, the Committee shall also provide to Council:
8.3.1 a report that summarises the work of the Committee during the period preceding the meeting and the outcomes of the meeting; and
8.3.2 the current version of the Committee work program.

9. Role of the Committee

9.1 **Financial reporting**

9.1.1 The Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.

9.1.2 The Committee shall review and make recommendations on any report of prudential issues obtained by the Council, before the Council makes a decision on the report, as per section 48(1) of the Act.

9.1.3 The Committee shall review and challenge where necessary:

9.1.3.1 the consistency of, and/or any changes to, accounting policies;

9.1.3.2 the methods used to account for significant or unusual transactions where different approaches are possible;

9.1.3.3 whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

9.1.3.4 the extent to which the Council has addressed the recommendations of audits and risk assessments, including those raised by the Council's auditor;

9.1.3.5 the clarity of disclosure in the Council's financial reports and the context in which statements are made; and

9.1.3.6 all material information presented with the financial statements.

9.2 **Internal controls and risk management systems**
The Committee shall:

9.2.1 keep under review the effectiveness of the Council's internal controls and risk management systems, including policies, systems and procedures for the identification and management of strategic, financial and operational risks; and

9.2.2 review and recommend the approval, where appropriate, of any material to be included in the annual report concerning internal controls and risk management.

9.3 **Internal audit**
The Committee shall review and comment on:

9.3.1 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; and

9.3.2 any internal audit project or special reviews that may be undertaken from time to time as requested by the Council of the Chief Executive.

9.4 **Public Interest Disclosure Responsibilities**
The Committee shall review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial recording or reporting or other matters. The Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

10. External Audit

The Council is responsible for the selection and appointment of the external auditor in accordance with the Act.

The Committee shall:

10.1 consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor.

10.2 oversee Council's relationship with the external auditor including, but not limited to:

- recommending the approval of the external auditor's remuneration, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
- 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;

10.3 assess the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor;

10.4 satisfy itself to the best of its ability 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);

10.5 monitor the external auditor's compliance with legislative requirements in relation to independence and the rotation of audit partners;

10.6 assess the external auditor's qualifications, expertise, resources and the effectiveness of the audit process;

10.7 meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, on a confidential basis, to discuss the external auditor's report and any issues arising from the audit, in circumstances where:

- a majority of the Committee members are present; and
- no members or employees of the Council are present (other than members of the Committee)

10.8 review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:

- a discussion of any major issues which arose during the external audit;
- any accounting and audit judgements; and
- levels of errors identified during the external audit.

10.9 The Committee shall also review the effectiveness of the external audit.

10.10 review all audit reports and management's response to the external auditor's findings and recommendations.

10.11 oversee action to follow up on matters raised by the external auditors.

11. Reporting Responsibilities

11.1 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and

11.2 The Committee shall provide an annual report to the Council on the work of the Committee undertaken during the preceding financial year. The Council must ensure this is included in its annual report for that financial year.

12. Other Matters

The Committee shall:

12.1 have access to reasonable resources in order to carry out its duties;

12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

12.3 give due consideration to the Act; and regulations made under the Act;

12.4 review the Audit and Risk Committee Terms of Reference at least two yearly, in accordance with the Committee's work plan;

Sitting Fees:

12.5 Remuneration paid to independent members will be a set fee per meeting with an additional amount paid to the Chairperson, as resolved by Council.

13. Document Administration and Control

Policy title	Audit & Risk Committee Terms of Reference
Policy number	
Policy type	Council / Governance
Responsible officer	Chief Executive Officer
First issued / adopted	21 February 2023 adjourned 27 February 2023
Review period	Every two (2) years.
Last reviewed	January 2023; February 2024, May 2026
Next review date	May 2028
Version	V1.3
Date revoked	n/a
Applicable legislation	Local Government Act 1999 (Section 41 Committee)
Related documents	N/A
Public consultation required / undertaken	No
Availability	This Policy is available for inspection at the Council office and any person may obtain a copy of this Policy upon payment of the fee fixed by Council in accordance with Council's Fees and Charges adopted each financial year. It is also available on Council's website mtr.sa.gov.au. Any grievance in relation to this policy or its application should be forwarded in writing to the Chief Executive Officer of the Council.
File reference	W:/4.Policy Manuals