



**The Corporation of the Town of Walkerville  
Audit Committee  
Terms of Reference**

**1. Role of the Committee**

**Chapter 8 – Part 3 – Division 2 - Sec126 of the Local Government Act 1999**

- 1.1. The Corporation of the Town of Walkerville Audit Committee (“Audit Committee” or the “Committee”) is established under Section 126 and Section 41 of the Local Government Act 1999 (as amended) and the Regulations hereunder.
- 1.2. The purpose of the Committee is to review the development of principles, policies and practices of Financial Planning & Reporting, Audit, Corporate Governance, Legislative Compliance, Risk Management and related Internal Controls and make recommendations to Council as appropriate.

**2. Authority**

- 2.1. The Audit Committee has no authority to act independently of Council. The Committee is authorised by Council to undertake work to efficiently and effectively meet the objectives described by its role and terms of reference.

**3. Delegations**

- 3.1. The Committee has the following delegations from Council:
  - 3.1.1. Confirm minutes of a previous meeting as a true and accurate record of proceedings.
  - 3.1.2. Appoint a presiding member under 6.7 of this Terms of Reference.
- 3.2. The Committee will have no standing financial delegations. If required for a specific purpose, these will be sought from Council at the time or where appropriate, through the Chief Executive Officer’s delegation.

**4. Meetings and Communication**

- 4.1. The Committee will meet at least four (4) times per year at appropriate times in the financial reporting cycle and as business needs arise or as decided by Council from time to time.
- 4.2. The Committee shall conduct its meetings in accordance with Part 2 of the Local Government (Procedures and Meetings) Regulations 2000 (as amended).
  - 4.2.1. The Presiding Member will consult with the CEO prior to the scheduling of any Special Meetings or meetings additional to the endorsed work program of the Committee to ensure that the costs of administering the Committee are monitored and contained.
- 4.3. Minutes of Meetings (in accordance with legislative requirements) will be kept and provided to all Committee Members and Elected Members within three working days of the Meeting.
- 4.4. 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.

- 4.5. The quorum necessary for the transaction of business shall be three (3) Members, of which at least one (1) must be independent.

**5. Role of the Committee**

**5.1. Financial Reporting and Sustainability**

- 5.1.1. Review the Annual Financial Report and application of accounting policies and accounting standards with management and the external auditor and provide opinion to the Council on whether it presents fairly the state of affairs of Council.
- 5.1.2. Review and make recommendations to the Council regarding the financial ratios, financial targets, assumptions and level of debt in the Long Term Financial Plan.
- 5.1.3. Provide commentary and advice on the financial sustainability of the Council, and any related risks in relation to, as part of the annual adoption of the Long Term Financial Plan and Annual Business Plan.
- 5.1.4. Review and make recommendations to the Council regarding any other significant financial, accounting and reporting issues as deemed necessary by the Committee, Council and Management.

**5.2. External Audit**

- 5.2.1. When required consider and recommend to Council on the appointment of the external auditor.
- 5.2.2. Make recommendations to Council on the terms of engagement and fees of the external auditor at the start of each audit contract.
- 5.2.3. Make recommendations to Council on the scope of work, reports and activities of the external auditor, including interaction with any internal audit capabilities.
- 5.2.4. Annually review the findings of the external audit with the external auditor.
- 5.2.5. Review Management's response to review, recommendations and audit letters provided by the external auditors.
- 5.2.6. Review and recommend policies as appropriate in regards to independence of external auditor.

**5.3. Risk Management and Internal Controls**

- 5.3.1. Review and comment on the adequacy of Council's risk management framework for identifying, monitoring and managing significant business risks.
- 5.3.2. Annually review the Council's insurance program for adequacy having regard to the business and insurable risks associated with Council's business.
- 5.3.3. Through the Internal Audit Function, review and comment on the adequacy of internal controls, financial reporting and other financial management systems and practices.

**5.4. Internal Audit**

- 5.4.1. Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system

- 5.4.2. Consider and make recommendations on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with relevant professional standards
- 5.4.3. Review and consider all reports (or summary/significant findings of reports) on the Council's operations from Council's internal auditors together with recommendations and management responses
- 5.4.4. Monitor the implementation and status of agreed actions from previous internal audit reviews
- 5.5. Other Matters
  - 5.5.1 Have access to reasonable resources in order to carry out its duties (note that this is subject to any budget allocation being approved by Council)
  - 5.5.2 Give due consideration to the Act and regulations made under the Act
  - 5.5.3 Oversee any investigation of activities, which are within its terms of reference.
- 5.6. Regional Subsidiaries  
Regional Subsidiaries – Sec 126 (4) (ad) and Schedule 2-Sec 25 of the Local Government Act 1999.
  - 5.6.1. Consider the, Budgets, Budget Amendments, financial statements and long term financial plans of the Regional subsidiaries and make recommendations as appropriate.

## 6 **Membership and Term of Office**

- 6.1 The Committee shall comprise of five members consisting of two (2) Elected Members and three (3) Independent Members.
- 6.2 Elected Members will be appointed through a formal recruitment process, for a period until the next general Council election, after which they may be re-appointed.
- 6.3 Independent Members will be appointed for a maximum of three (3) years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected Members. The independent members should be appointed on a rolling basis such that there is continuity in the committee.
- 6.4 Elected Members may participate on a voluntary basis.
- 6.5 The Mayor may be a member of the Committee with voting rights, but shall not be the presiding member of the Committee.
- 6.6 The Independent Members of the Committee must have recent and relevant experience in professions such as, but not limited to, accounting, audit, financial, legal, risk management and governance.
- 6.7 The Presiding Member must be an Independent Member and will be determined by the Audit Committee for twelve (12) months, after which they may stand for re-election.
- 6.8 Any Councillor not a member of said Committee can be called upon by the CEO (or nominee) to act as proxy as and when required.
- 6.9 No Deputy Presiding Member will be elected and an Acting Presiding Member (Chair) will be nominated at the meeting should the Chair be unable to attend.

- 6.10 All appointed members of the committee should attend training (as determined and arranged by administration) in the role and function of the Audit Committee as set out in the Local Government Act, 1999 and said Committee's Terms of Reference (as amended from time to time).

## **7 Review**

- 7.1 The Committee shall review its own performance and Terms of Reference annually to ensure that it is operating at maximum effectiveness. Following this review, it will provide a report to Council on its performance, recommending any changes that are necessary.

- 7.2 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 Council, Management and other Members of the Committee.
- The involvement and attendance by Members.

## **8. Sitting Fees**

- 8.1. The Independent Members are to be paid a sitting fee, per meeting, as determined by Council.

## **9. Secretarial Resources**

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

- 10. This Terms of Reference is to be read in conjunction with the Town of Walkerville's code of Practice – Access to Council Meetings, Council Committees and Council Documents.**