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1. Establishment and Objectives	2
2. Functions	2
3. Role of the Committee	3
4. Authority	5
5. Membership	6
6. Meetings	7
7. Voting	7
8. Quorum	8
9. Review	8
10. Sitting Fees	8
11. Liabilities of Members	9

Terms of Reference

1. Establishment and Objectives

The Corporation of the Town of Walkerville Audit and Risk Committee (Committee) is established pursuant to sections 41 and 126 of the Local Government Act 1999 (Act).

The purpose of the Audit and Risk Committee established by Council is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

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 in relation to discharging its legislative responsibilities and duties.

2. Functions

The functions of the Committee include:

- a. Reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council.
- b. Proposing, and providing information relevant to, a review of the Council's strategic management plans or annual business plan.
- c. Monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by the Council's auditor.
- d. Proposing, and reviewing, the exercise of powers under section 130A of the Act.
- e. Liaising with Council's auditor in accordance with any requirements prescribed by the regulations.
- f. Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of Council on a regular basis.
- g. Providing oversight of planning and scoping of the internal audit work plan and reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis.
- h. Reviewing 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.
- i. Reviewing any report obtained by Council under section 48(1) of the Act.
- j. Performing any other function determined by Council or prescribed by the regulations.

Terms of Reference

3. Role of the Committee

The role of the Committee will include:

a. Financial Reporting and Sustainability

- i. Monitor the integrity of the financial statements of Council, reviewing significant financial reporting issues and judgements which they contain. Review and challenge where necessary:
 1. The consistency of, and any changes to, accounting policies.
 2. The methods used to account for significant or unusual transactions where different approaches are possible.
 3. Whether Council has followed appropriate accounting standards and made appropriate estimates of judgements, taking into account the views of the external auditor.
 4. The clarity of disclosure in the Council's financial reports and the context in which statements are made.
 5. All material information presented within the financial statements.
- ii. Review and make recommendations to Council regarding the financial ratios, financial targets, assumptions and level of debt in the Long Term Financial Plan.
- iii. 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.
- iv. 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.

b. External Audit

- i. Consider and make recommendations to Council in relation to the appointment, re-appointment and removal of Council's external auditor.
- ii. Make recommendations to Council on the scope of work, reports and activities of the external auditor, including interaction with any internal audit capabilities.
- iii. Annually review the findings of the external audit with the external auditor. The Committee shall meet the external auditor at least once a year, without Management being present; to discuss the external auditor's report and any issues arising from the audit.

Terms of Reference

- iv. Review the findings of the audit with the external auditors. This shall include, but not be limited to a) a discussion of any major issues which arose during the external audit, b) any accounting and audit judgements and c) level of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.
- v. Review and recommend policies as appropriate in regards to independence of external auditor.
- vi. Review the draft tender evaluation matrix and draft scope of works prior to the tender process for the external auditor proceeding to market.
- vii. Participate in the selection process of the external auditor.
- c. Risk Management and Internal Controls
 - i. Keep under review the effectiveness of the Council's internal controls and risk management systems.
 - ii. Review 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.
 - iii. Monitor the responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor.
- d. Internal Audit
 - i. Review the Internal Audit Program in line with Council's risk management system.
 - ii. Provide oversight of planning and scoping of the internal audit work plan.
 - iii. Monitor and review the effectiveness of the Council's internal audit function in the context of Council's overall risk management system.
 - iv. 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.
 - v. 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, at least on a quarterly basis.
 - vi. Monitor the responsiveness to recommendations for improvement based on previous audits and risk assessments.

Terms of Reference

e. Other Matters

- i. 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.)
- ii. Give due consideration to the Act and regulations made under the Act.
- iii. Oversee any investigation of activities, which are within its terms of reference.
- iv. Give consideration to any other matters referred to it by Council meeting resolution or by the Chief Executive Officer.

f. Regional Subsidiaries

Review and provide advice to Council on the management of risks and the adequacy of performance reporting associated with regional subsidiaries of which Council is a constituent Council. In doing so, the Committee will consider the annual budgets, budget amendments, financial statements and long term financial plans of the regional subsidiaries and make recommendations as appropriate.

g. Major Infrastructure Projects

Review and provide advice on the proposed capital funding strategy, timing, risk and due diligence, procurement strategies, governance and public engagement for infrastructure projects of major significance and the estimate cost of which triggers the requirement for a prudential report.

h. Annual Plans

Review and provide advice on Council's Annual Business Plan, Long Term Financial Plan and Asset Management Plans and other plans as required by the Chief Executive Officer. Monitor and review the effective delivery of these plans.

4 Authority

- 4.1 The Audit and Risk Committee does not have executive powers or authority to implement actions in areas which management has responsibility.
- 4.2 The Audit and Risk Committee does not have any delegated financial responsibility or any management functions and is, therefore, independent from Management.

Terms of Reference

5 Membership

- 5.1 The Town of Walkerville's Audit Committee shall consist of two Elected Members and three (3) Independent Members. The majority of the members of the Committee must be persons who are not members of Council.
- 5.2 Elected Members shall be appointed to the Committee by resolution of Council and will hold office until the conclusion of the 2026 Local Government Elections.
- 5.3 Independent Members will be appointed for a maximum term of four (4) years, with the term of the appointment commencing two (2) years into any given Council Term.
- 5.4 The 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.
- 5.5 At the time of a vacancy of an Independent Member, a selection panel comprising a Member of the Committee and the Chief Executive Officer or his or her delegate, will undertake a selection process and recommend independent candidate(s) to the Council for appointment as Independent Members.
- 5.6 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.
- 5.7 The role of the Presiding Member is to:
 - (a) Oversee the conduct of meetings in accordance with the Local Government (Procedures at Meetings) Regulations 203 and the Town of Walkerville Code of Practice - Procedures at Meetings.
 - (b) Ensure that Council's Financial Guiding Principles and the Local Government (Financial Management) Regulations 2011 are observed and that all Committee members have an opportunity to participate in discussions in an open and responsible manner.
- 5.8 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.
- 5.9 Any Councillor not a member of said Committee can be called upon by the Chief Executive Officer (or nominee) to act as proxy as and when required.
- 5.10 Members of the Committee may be removed by way of Council resolution at any time.

Terms of Reference

- 5.11 Members of the Committee may resign their position at any time by giving notice of their intention in writing to the Chief Executive Officer.
- 5.12 If a vacancy occurs on the Committee the Council may appoint a replacement member to the Committee via the process detailed at clauses 5.2 and 5.6.

6 Meetings

- 6.1 The Committee will meet at least once each quarter of the financial year and as business needs arise or as decided by Council from time to time.
- 6.2 The Committee will conduct its meetings in accordance with the Local Government (Procedures at Meetings) Regulations 2013 and the Town of Walkerville *Code of Practice – Access to Council Meeting, Council Committees & Council Documents*.
- 6.3 Meetings will be held at the Civic and Community Centre or such other location as determined by the Chief Executive Officer.
- 6.4 Special meetings of the Committee may be called in accordance with the *Local Government Act 1999*.
- 6.5 Access to agendas, minutes, and other documents associated with the Committee will be provided in accordance with the Town of Walkerville's Code of Practice – Access to Meetings and Documents.
- 6.6 The Chief Executive Officer has delegated authority to vary the meeting date, time and place of meetings in consultation with the Presiding Member.
- 6.7 The Chief Executive Officer will allocate appropriate administrative support to ensure that reports, agendas, notice of meetings and minutes of the Committee are recorded and managed in accordance with legislative compliance requirements.

7 Voting

- 7.1 Each member of the Committee at a meeting will have one vote.
- 7.2 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.
- 7.3 In the event of a tied vote the matter will be referred to the Council for deliberation.
- 7.4 Any staff attending Committee meetings will not have voting rights.

Terms of Reference

8 Quorum

- 8.1 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.

9 Review

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. Council must ensure that this report is included in the Annual Report.

- 9.1 In reviewing its performance, the Committee will have regard to:
- 9.1.1 The achievement of the Committee's role and Terms of Reference.
 - 9.1.2 The Committee's decision making process.
 - 9.1.3 The timeliness, quality and quantity of information received.
 - 9.1.4 The relationship with Council, Management and other Members of the Committee.
 - 9.1.5 The involvement and attendance by Members.
- 9.2 The Council may at any time vary these Terms of Reference, or the Committee may recommend variations to the Terms of Reference to the Council.

10 Sitting Fees

The Independent Members (only) will be paid a sitting fee as determined by Council.

- 10.1 To ensure that the independent members of the Committee are provided with appropriate and timely training (at a cost to Council under delegation and approval of the Chief Executive Officer), both in the form of induction and ongoing training, a training fee in addition to sitting fees will be paid as follows:
- 10.1.1 All training attendance associated with sessions of less than two hours duration are to be absorbed as part of the existing negotiated sitting fee for each Independent Member.
 - 10.1.2 All training attendance associated with sessions greater than two hours duration are to be paid at existing sitting fee for each Independent Member.

Terms of Reference

- 10.1.3 Any required attendance by a Member of the Committee at a Council meeting or other similar meeting will be absorbed as part of the existing negotiated sitting fee for each Independent Member.

11 Liabilities of Members

No civil liability attaches to a member of the Committee for an honest act or omission in the exercise, performance or discharge, or purported exercise, performance or discharge, of the Member's or Committees powers, functions or duties, such a liability is attached instead to the Council.