

# Terms of Reference of the Light Regional Council's Audit and Risk Committee

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| <b>Date of Adoption:</b>             | 17 October 2006   |
| <b>Current Review Date:</b>          | 27 April 2021   |
| <b>Minute Reference:</b>             | AUD9.2.5/2021 at page 2021/90   |
| <b>Related<br/>Policy/Procedure:</b> | Audit and Risk Committee Policy<br>Internal Controls (Financial<br>Management) Policy |

## 1. Establishment of the Audit and Risk Committee

Pursuant to Section 41 of the Local Government Act 1999 ("the Act") the Council establishes a Committee to be known as the Audit and Risk Committee ("the Committee").

## 2. Functions

Subject to compliance with all legislation, policies, plans and procedures of the Council, the functions of the Committee are to:

- 2.1 review the annual financial statements of Council including its annual report, to ensure that they present fairly the state of affairs of Council; and
- 2.2 propose and provide information relevant to a review of Council's strategic management plans or annual business plan; and
- 2.3 monitor the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and
- 2.4 propose and review, the exercise of powers under section 130A (efficiency and economy audits); and
- 2.5 if Council has exempted a subsidiary from the requirement to have an Audit and Risk Committee, the functions that would, apart from the exemption, have been performed by the subsidiary's Audit and Risk Committee; and
- 2.6 liaise with Council's auditor; and
- 2.6 review the adequacy of the financial governance, risk management, accounting, internal control, reporting and other financial management policies and systems and practices of Council on a regular basis; and
- 2.7 provide oversight of planning and scoping of the internal audit work plan; and

- 2.8 review and provide commentary relating to reports on the internal control function at least on a quarterly basis; and
- 2.9 review and evaluate 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; and
- 2.10 review any report obtained by the council under section 48(1) – prudential review; and
- 2.11 perform any other function determined by the council or prescribed by the regulations.

### **3. Membership**

Membership of the Committee shall consist of:

- 3.1 Up to five (5) members, being two (2) elected members and up to three (3) external independent representatives (pursuant to Clause 3 “*Membership*” of the Audit and Risk Committee Policy).

The Mayor may attend as ex-officio pursuant to Section 41(6) of the Local Government Act 1999.

- 3.2 Independent members of the committee shall have recent and relevant risk management, legal and audit or financial management experience.
- 3.3 A Member of the Committee will, subject to Section 41(5) of the Act and Clause 3.3 of these Terms of Reference, hold office as a Member of the Committee for a period of up to two (2) years.

The Independent Members shall hold office for the term concluding at the November 2019 committee meeting (or the nearest available meeting date thereto), following which appointees may be reappointed for a further term of two (2) years. The independent membership of the committee shall then be reviewed following each two (2) year period.

The elected officials to the committee shall be appointed by the Council following the conduct of a general election or supplementary election as the case may be. The appointment, inclusive of the ex-officio appointment of Council’s principal member, shall be reviewed at the second anniversary of the general election of the council, the first review occurring at the November 2020 committee meeting (or the nearest available meeting date thereto). The appointees may be reappointed for a further term of two (2) years.

- 3.4 The office of a Member of the Committee shall become vacant upon the Council removing that person from office as a Member of the Committee or upon the Member ceasing to hold office as an Elected Member of the Council.
- 3.5 In the event of a vacancy in the office of a Member of the Committee, the Council shall, if it deems fit, appoint another person as a Member of the Committee on the same basis as, and for the balance of the term of, the original appointment.

- 3.6 No additional allowance will be paid to the elected member representative over and above the allowance already received by the elected member in accordance with the Local Government (Members Allowances and Benefits) Regulations 1999.
- 3.7 The Independent Representatives to the Committee may be paid a monthly sitting fee which shall be negotiated with the individual concerned. The Independent Representative may choose to receive no fee.
- 3.8 The Independent Representatives to the Committee will be aware of or receive training in the conflict of interest provisions of sections 73 and 74 of the Local Government Act 1999.

#### **4. Office Bearers**

- 4.1 The Presiding Member of the Committee shall be an independent representative; shall be appointed by the Audit and Risk Committee (pursuant to clause 4.3 of the Audit and Risk Committee Policy) and hold office for such a term as described in clause 3.3 of these Terms of Reference. The Presiding Member may be reappointed for a further term or terms.
- 4.2 The office of the Presiding Member shall become vacant if:
  - 4.2.1 The Council removes the Presiding Member from office; or
  - 4.2.2 The Presiding Member ceases to be a Member of the Committee.
- 4.3 Where the Presiding Member is unable to attend a meeting, one of the remaining independent representatives (as agreed by the Committee members present at the meeting) shall chair the meeting. Should no independent representatives be able to attend a meeting, the meeting will fail through a lack of quorum (see clause 5.7).

#### **5. Meetings**

- 5.1 Meetings of the Committee will be conducted in accordance with the Act, Part 3 of the Local Government (Procedures at Meetings) Regulations 2000, these Terms of Reference and any Code of Practice for Meeting Procedures adopted by the Council and applicable to the Committee.
- 5.2 Insofar as the Act, the Local Government (Procedures at Meetings) Regulations 2000, these Terms of Reference and any Code of Practice for Meeting Procedures adopted by the Council and applicable to the Committee do not specify a procedure to be observed in relation to the conduct of a meeting of the Committee, then the Committee may determine its own procedure.
- 5.3 In accordance with, and subject to, the Act and the Local Government (Procedures at Meetings) Regulations 2000 all meetings of the Committee shall be open to the public unless the Committee has resolved to exclude the public from a meeting or part of a meeting pursuant to the Act.
- 5.4 The Committee shall, at its first meeting after being established and at its first meeting after the conclusion of a general election of the Council, determine the place, date and time meetings of the Committee will be held provided that:
  - 5.4.1 the Committee shall meet at least four (4) times a year at appropriate times in the reporting and audit cycle and otherwise as required;

- 5.4.2 the first meeting of the Committee after it has been established and after the conclusion of a general election shall occur at 93 Main Street, Kapunda within one month of the Council resolution establishing the Committee and within six weeks of the conclusion of a general election respectively, with the exact date and time of such meeting to be ascertained by the Chief Executive Officer of the Council.
- 5.5 Minutes of a meeting of the Committee shall be presented to the next meeting of the:
- 5.5.1 Committee, for confirmation; and
- 5.5.2 Council, to be received.
- 5.6 In accordance with the Act, the minutes of a meeting of the Committee shall be provided to all Council members and Committee members within five (5) days after the meeting of the Committee.
- 5.7 A quorum for a meeting of the Committee shall be one half of the total number of Members of the Committee in office (ignoring any fraction) plus one. No business can be transacted at a meeting of the Committee unless a quorum is present. There must be an independent member in attendance at any meeting of the Committee.
- 5.8 All decisions of the Committee shall be made based on a majority decision of the Members present and in the event of a tied vote, the matter be referred to the Council for decision.
- 5.9 the Committee shall act at all times in strict accordance with relevant legislation (being the Local Government Act 1999 and associated regulations) and with written policies and guidelines of the Council which are relevant to the Committee in the performance of its functions;
- 5.10 the Committee does not enjoy the delegation of any powers, functions and duties of the Council. All decisions of the Committee will, therefore, constitute recommendations to the Council.

## **6. Tenure**

The Committee will continue in existence until wound up by resolution of the Council.

## **7. History**

Original Terms of Reference adopted 17 October 2006, see Council Minutes Reference 9.3.3, Page 2006/232.

Amendment No. 1 adopted by the Council on 21 November 2006, Minute reference Item 3.6.1.10 page number 2006/268

Amendment No.2 adopted by Council at its meeting held 20 March 2007, Minute Reference Item 10.4.3, page number 2007/49

Amendment No. 3 adopted by Council at its meeting held 15 July 2008, Minute Reference Item 10.2.1, page number 2008/187

Amendment No. 5 adopted by Council at its meeting held 27 April 2011, Minute Reference Item AUD9.2.1/2011, page number 2011/61

Amendment No. 6 adopted by Council at its meeting held 23 August 2011, Minute Reference Item AUD10.2.1/2011, page number 2011/214

Amendment No. 7 adopted by Council at its meeting held 27 November 2012, Minute Reference Item 10.2.6, page number 2012/403

Amendment No. 8 adopted by Council at its meeting held 24 February 2015, Minute Reference Item AUD9.2.1/2015, page number 2015/61

Amendment No. 9 adopted by Council at its meeting held 28 February 2017, Minute Reference Item AUD9.2.1, page number 2017/71

Amendment No. 10 adopted by Council at its meeting held 27 February 2018, Minute Reference Item AUD9.2.5/2018, page number 2018/551

Amendment No. 11 adopted by Council at its meeting held 26 February 2019, Minute Reference Item AUD9.2.1/2019, page number 2019/67

Reviewed by Council at its meeting held 23 February 2021, Minute Reference AUD9.2.5/2021, page number 2021/44

Amendment No. 12 adopted at by Council at its meeting held 27 April 2021 Item AUD9.2.5/2021, page number 2021/90