

Audit and Risk Committee Policy

Reference Number:	Section 6 No. 07
Responsible Department:	Governance
Related Policy/Procedure:	Light Regional Council Audit and Risk Committee Terms of Reference
Date of Adoption:	17 April 2007
Current Review Date:	28 February 2023
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Version Number:	Amendment No. 7
Applicable Legislation:	Local Government Act, 1999
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Review Frequency:	Biennially

1. Policy Statement

- 1.1 Light Regional Council will establish an Audit and Risk Committee to operate as an independent and objective advisory Committee to Council.

- 1.2 Section 59 of the Local Government Act 1999 provides that the role of members of Council includes a responsibility to keep the Council's objectives and policies under review to ensure that they are appropriate and effective; and to keep resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery under review.

The primary objective of the Audit and Risk Committee is to add value and improve Light Regional Council's operations. It will assist Council accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

- 1.3 As part of Council's governance obligations to the community, Council has constituted the Audit and Risk Committee to facilitate:

- 1.3.1 Oversight of relevant activities to facilitate achieving Light Regional Council's objectives in an efficient and orderly manner.
- 1.3.2 Enhancing the credibility and objectivity of internal and external financial reporting.
- 1.3.3 Effective management of risk and the protection of Council assets.
- 1.3.4 Compliance with laws and regulations as well as use of best practice guidelines.
- 1.3.5 The effectiveness of the internal audit function and maintaining a reliable system of internal control.
- 1.3.6 The provision of an effective means of communication between the external auditor, internal audit, management, and Council.
- 1.3.7 Light Regional Council's ethical development.

2. Basis for Operation

- 2.1 The Audit and Risk Committee is a formally constituted Committee of Council pursuant to Section 41 of the Local Government Act 1999 and is responsible to Council and as such does not have any delegations or authority to implement actions in areas over which Council's Chief Executive Officer has responsibility. The Audit and Risk Committee does not have any management functions and is therefore independent of management.

- 2.2 The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to this Policy and the Committee's Terms of Reference to facilitate decision-making by Council in relation to the discharge of its responsibilities.
- 2.3 Light Regional Council considers that the ability of the Audit and Risk Committee to operate in a manner that adds value and maintain independent judgement is vital.

3. Membership

- 3.1 The Audit and Risk Committee will comprise up to five (5) members – two (2) elected members (not being the Mayor) and up to three (3) external independent representatives. Council's Mayor, by virtue of the position, may be an ex-officio member of the Committee.
- 3.2 Ideally, the Elected Member representatives will have business, legal, audit or financial management / reporting knowledge and experience.
- 3.3 Ideally the external independent representatives will have senior business, legal, audit or financial management / reporting knowledge and experience, and be conversant with the local government environment.
- 3.4 Apart from the initial establishment of the Audit and Risk Committee and the appointments of the independent members to the inaugural committee by Council, the evaluation of potential external representatives will be undertaken by a panel comprising the Mayor, the Deputy Mayor and the Chief Executive Officer. The panel will recommend to Council the preferred representative(s) considering the experience of candidates and their ability to apply appropriate analytical and strategic management skills.
- 3.5 The terms of appointment of external independent representatives should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives.
- 3.6 If Council proposes to remove an external representative from the Committee, it must give written notice to the external representative of its intention to do so and provide that external representative with the opportunity to be heard at a Council meeting which is open to the public if that external representative so requests.
- 3.7 Remuneration will be paid to each external representative of the Committee to be set by Council on an annual basis.

4. Committee Operations

- 4.1 An Audit and Risk Committee Terms of Reference, which will be subject to Council endorsement, will outline the scope of the Committee's review activities.
- 4.2 Council or the Chief Executive may refer any matter to the Audit and Risk Committee within its Terms of Reference.
- 4.3 Apart from the inaugural presiding member, the presiding member (chairperson) of the Committee shall be appointed from the external representatives of the Committee by the Audit and Risk Committee.
- 4.4 The Audit and Risk Committee, through the Chief Executive Officer and following authorisation from Council, and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.

- 4.5 The Chief Executive Officer and or that person's delegate will attend all meetings in an advisory capacity, except when the Committee chooses otherwise. Other elected members or staff may be invited to attend at the discretion of the Committee to advise and provide information when required.
- 4.6 Representatives of the external auditor will be invited to attend meetings at the discretion of the Committee but must attend meetings at which there will be consideration of the annual financial report and results of the external audit.
- 4.7 The General Manager, Business & Finance and or that person's delegate will provide administrative support to the Committee and will attend all Committee meetings for this purpose.

5. Meetings

- 5.1 The time and place for the conduct of meetings will be determined by the Committee provided that all meetings will be held in a public environment at Council's principal office located at 93 Main Street, Kapunda, unless otherwise so determined.
- 5.2 The Committee will consider and determine its own meeting practice, processes, and procedures within the parameters of the Local Government Act 1999 and the Local Government (Procedures at Meetings) Regulations 2000.

6. Reporting

- 6.1 The Audit and Risk Committee shall, after every meeting forward the minutes of that meeting to the next General Council meeting, including a report explaining any specific recommendations and key outcomes.
- 6.2 The Committee shall report annually to the Council summarising the activities of the Committee during the previous year.

Policy History

- 1. Policy created on 17 April 2007, Council Minute Reference Item 10.4.3 page number 2007/69
- 2. Policy Amended by Council on 13 January 2010, Council Minute Reference Item 10.2.1 page number 2010/36
- 3. Policy amended by Council on 24 February 2015, Council Minute Reference Item AUD9.2.1/2015, page number 2015/58
- 4. Policy amended by Council 27 February 2018, Council Minute Reference Item AUD9.2.5/2018, page number 2018/551.
- 5. Policy amended by Council on 26 February 2019, Council Minute Reference Item AUD9.2.1/2019, page number 2019/67
- 6. Policy amended by Council on 27 April 2021, Council Minute Reference Item AUD9.2.4/2021, page number 2021/90
- 7. Policy reviewed by Council 28 February 2023, Resolution No: OCM-2023/034