

	<p style="text-align: center;"><b>Audit and Risk Management Committee</b></p> <p style="text-align: center;"><b>Terms of Reference</b></p>
<p><b>Key Focus Area</b> Leadership and Governance</p>	<p><b>Relevant Council Delegation</b> Nil</p>

### Objectives of the Committee

1. The Audit & Risk Management Committee ('Committee') is a formally appointed committee of Council and is responsible to that body.
2. It has been established to provide an independent oversight of the financial systems of the Town on behalf of the Council. The Committee will assist Council to fulfill its corporate governance, stewardship, leadership and control responsibilities in relation to the local government's financial reporting and audit responsibilities.

### Functions of the Committee

3. In accordance with Regulation 16 of the *Local Government (Audit) Regulations 1996* ('Audit Regulations') the Committee has the following functions -
  - a. to provide guidance and assistance to Council as to -
    - i. its function under Part 6 of the *Local Government Act 1995* ('the Act') that relate to financial management;
    - ii. the carrying out of its function relating to other audits and other matters related to financial management;
    - iii. the carrying out of its functions in relation to audits carried out under Part 7 of the *Act*;
    - iv. the development of a process to be used to select and appoint a person to be an auditor;
    - v. matters to be audited; and
    - vi. the scope of the audit;
  - b. to review a report given to it by the CEO in relation to the Town's systems and procedures in relation to risk management, internal control and legislative compliance under regulation 17(3) of the *Local Government (Audit) Regulations 1996* ('Regulations') and is to -
    - i. report to Council the results of that review; and
    - ii. submit a copy of the CEO's report to Council;
  - c. to monitor and advise the CEO when the CEO is carrying out functions in relation to a review-

- i. under regulation 17(1) of the Audit Regulations; and
    - ii. of the financial management systems and procedures of the Town under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*;
  - d. to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
  - e. to oversee the implementation of any action that the local government –
    - i. is required to take by section 7.12A(3) of the Act; and
    - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a) of the Act; and
    - iii. has accepted should be taken following receipt of a report of a review conducted under regulation 17(1) of the Audit Regulations; and
    - iv. has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
  - f. to review the Compliance Audit Return and report to Council the results of that review in accordance with regulation 14 of the Audit Regulations;
  - g. to perform any other function conferred on Committee by written law;
4. Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The Committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.
5. The Committee is to facilitate –
- The enhancement of the credibility and objectivity of internal and external financial reporting;
  - Effective management of financial and other risks and the protection of Council assets;
  - Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
  - The coordination of the internal audit function with the external audit; and
  - The provision of an effective means of communication between the external auditor, internal auditor, the CEO and the Council.

### **Committee Membership**

- 6. The Committee is comprised of four (4) elected members, of which one is to be the Mayor, and up to two (2) community representatives. All members have full voting rights.
- 7. Members of the Committee are to be appointed by an absolute majority decision of Council in accordance with the Act.
- 8. Community Representatives appointed to the Committee shall either be:
  - a. A member of CPA Australia or the Institute of Chartered Accountants (Australia); or

- b. Have business or financial management/reporting knowledge and experience and be conversant with financial and other reporting requirements.
9. In the event of a vacancy due to the resignation of a Committee member, the Committee shall fill the vacancy by calling for a special membership nomination and forwarding to Council for appointment.
  10. Membership to the Committee will be for a period of two years with the nomination year coinciding with local government election years.
  11. The CEO and employees shall not be members of the Committee however the CEO or his/her nominee shall attend all meetings to provide advice and guidance to the Committee.
  18. The CEO will appoint an Administrator to the Committee who will be an employee of the Town. The Administrator's responsibility is –
    - a. To serve as a secretariat to the Committee by preparing agendas and minutes, and ensuring timely distribution to all members;
    - b. To ensure that meetings are effectively organised and recorded; and
    - c. To provide administrative support for the purposes of the Committee

### Meetings

12. The Committee shall formally meet at least quarterly. A schedule of meetings will be developed and agreed to by the members.
13. Additional meetings may be convened by resolution of Council in accordance with the Town's Meeting Procedures Local Law 2018.
14. Any informal meetings called by members are not considered as formal meetings of the Committee.
15. Meetings of the Committee are generally closed to the public. Attendance is permitted through invitation or prior approval by the Committee.

### Operating Procedures

16. All meetings of the Audit & Risk Management Committee are to be conducted in accordance with the *Local Government Act 1995* and associated Regulations.
17. Voting
  - a. All decisions of the Committee shall be made on the basis of a simple majority decision of the members present.
  - b. If the decision results in a tied vote, the person presiding is to cast a second vote.
  - c. Persons other than Committee members are not entitled to cast a vote.
19. An Elected Member will be appointed as the Chairperson by simple majority of the Committee. The Chairperson's responsibility is -

- a. To provide leadership and facilitate the achievement of the Committee’s objectives
- b. To ensure that appropriate conduct is observed at Committee meetings in line with the *Town’s Meeting Procedures Local Law 2018*
- c. To promote full participation and open debate at meetings so that relevant matters are discussed, and effective recommendations are made to Council

### Reporting

20. All decisions made at a meeting of the Committee are to be considered at the next ordinary council meeting or, if that is not practicable:
  - At the first ordinary council meeting after that meeting; or
  - At a special meeting called for that purpose.
21. The Committee shall report annually to the Council summarizing its activities during the previous financial year.

### Delegated Powers

22. The Audit & Risk Committee has no delegated powers and no authority to implement its recommendations without resolution of Council.
23. The Committee is a formally appointed committee of council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

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