AUDIT & RISK COMMITTEE
TERMS OF REFERENCE

City of Norwood Payneham & St Peters

1. ESTABLISHMENT

1.1. The City of Norwood Payneham & St Peters Audit & Risk Committee has been established as a Committee of the Council in accordance with the requirements of Sections 126 and 41 of the *Local Government Act 1999* (the Act).

1.2. These Terms of Reference were adopted by the Council on 2 December 2024.

2. PURPOSE

2.1. The purpose of the Audit & Risk Committee (the Committee) is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters.[1]

3. FUNCTIONS AND RESPONSIBILITIES

3.1. Section 126 (4) of the Act assigns the following functions to all Council Audit & Risk Committees:

3.1.1. Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council.

3.1.2. Proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan.

3.1.3. 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.

3.1.4. Proposing and reviewing the exercise of powers under section 130A of the Act.

3.1.5. Liaising with the Council's Auditor in accordance with any requirements prescribed by the Regulations.

3.1.6. Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis.

3.1.7. Providing oversight of the planning and scoping of the internal audit work plan and reviewing / commenting on reports provided by the person primarily responsible for the internal audit function on at least a quarterly basis.

3.1.8. 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.

3.1.9. Reviewing any Prudential Report that is obtained by the Council under Section 48(1) of the Act.

3.1.10. Making recommendations to the Council on the appointment of the Auditor pursuant to Section 128 of the Act.

3.1.11. Performing any other function referred to it by the Council, another Council Committee or prescribed by the Regulations.

[1] *Local Government Act,* Section 126(1a)

3.2. The Chief Executive Officer shall provide sufficient administration resources to the Committee to enable it to adequately carry out its functions.

3.3. A Work Plan will be approved by the Committee each year to assist with the scheduling of items for Committee Meetings and will form the basis of the report to the Council required after each Meeting and annually.[2]

4. DELEGATED AUTHORITY

4.1 The Committee does not have any delegated powers, functions or duties of the Council and only acts in accordance with its legislated functions, these Terms of Reference, and any direction from Council.

5. MEMBERSHIP AND CONDITIONS OF APPOINTMENT

5.1 In complying with the requirements of Regulation 17(1) of the *Local Government (Financial Management) Regulations 2011*, the Committee will comprise five (5) members appointed by the Council, with three (3) being Independent Members and two being (2) Elected Members, one of whom will be the Mayor. At all times the majority of the Committee Members must be persons who are not Elected Members of the Council.[3]

5.2 When considered as a whole, the Committee must have the skills, knowledge and experience relevant to the functions of the Committee, including in financial management, risk management, governance and any other prescribed matter.[4] In appointing either an Independent Member or an Elected Member to the Committee, the appointment process may be informed by the use of a Skills Matrix or similar to assist in assessing the available skills and any gaps that need to be filled.

5.3 The term of appointment for Independent Members will be as determined by the Council at the time of appointment with the appointment timing managed to provide for the continuity of Committee membership across Council terms and avoid alignment with the Council elections.

5.4 The Council may resolve to re-appoint an Independent Member of the Committee for consecutive terms up to a combined maximum of eight (8) years.

5.5 The term of appointment for Elected Members will be as determined by the Council and will generally be for a two (2) year period. The Council may re-appoint an Elected Member at the expiry of their term, if the term of appointment does not extend beyond the end of the current Council term.

5.6 Where a vacancy for an Independent Member exists, an Expression of Interest for potential candidates will be made by way of a public advertisement.

5.7 Prior to Council appointing Independent Members to the Committee, a Selection Panel comprising the Mayor, two (2) Councillors and the Chief Executive Officer will evaluate potential candidates with consideration given to the requirements of Clause 5.2 of these Terms of Reference and Section 126(2)(b) of the Act, before making a recommendation to the Council.

5.8 The appointment of Independent Members will be subject to the endorsement of the Selection Panel's recommendation by the Council.

5.9 Remuneration will be paid to each Independent Member of the Committee (based on a set fee per meeting attended) as determined by the Council.

6. PRESIDING MEMBER

6.1 The Council will appoint the Presiding Member of the Committee, who will be an Independent Member.

6.2 The role of the Presiding Member of the Committee is to:

[2] As required by the *Local Government Act 1999*, Section 126(8)
[3] *Local Government Act 1999*, Section 126(2)(a)
[4] *Local Government Act 1999*, Section 126(2)(b)

6.2.1 oversee the orderly conduct of Committee Meetings in accordance with the Act and *Local Government (Procedures at Meetings) Regulations 2013* and other procedures relevant to the Committee;

6.2.2 ensure that the Guiding Principles set out in Regulation 4 of the *Local Government (Procedures at Meetings) Regulations 2013*, are observed during Committee Meetings and that all Committee Members have an opportunity to participate in discussions in an open and responsible manner; and

6.2.3 to certify, together with the Chief Executive Officer, in accordance with Regulation 22 of the *Local Government (Financial Management) Regulations 2011,* the 'Independence of External Auditor' as part of the end-of financial-year audit process.

7. MEETINGS

7.1 In accordance with Section 126(5) of the Act, the Committee will meet at least quarterly and Special Meetings may be convened in accordance with Section 87 of the Act.

7.2 The Committee will approve a schedule of Meetings for each year and as an indicative guide, meetings will be arranged to coincide with the relevant Council reporting deadlines, the development of Strategic Plans, the Annual Business Plan and Budgets and to coincide with the finalisation of the Financial Statements and the draft Annual Report.

7.3 Meetings will be held in the Mayor's Parlour, Norwood Town Hall, unless otherwise notified.

7.4 Notice of each Committee Meeting confirming the venue, time, and date, together with an Agenda of items to be discussed, shall be forwarded to each Member of the Committee, no later than three (3) clear business days before the Meeting.

7.5 Subject to the operation of Section 90 of the Act and in accordance with the requirement of Section 132 of the Act, the Agenda and Minutes of the Committee Meeting will be published on a website as determined by the Chief Executive Officer.

7.6 In accordance with Section 88 of the Act, Notice of Meetings of the Committee must be displayed at the Principal Office of the Council and on a website determined by the Chief Executive Officer, and must continue to be published and kept on display until the completion of the relevant Meeting.

7.7 The quorum for a Meeting of the Committee shall be three (3) Members of the Committee, and must comprise a majority of Independent Members.

7.8 The Chief Executive Officer may adjourn a scheduled meeting of the Committee, in circumstances where sufficient apologies have been received to indicate a quorum will not be achieved for the scheduled Meeting.[5]

7.9 Meetings of the Committee must be conducted at all times in accordance with the *Local Government Act 1999* and Parts 1, 3 and 4 of the *Local Government (Procedures at Meetings) Regulations 2013*.

7.10 If the Presiding Member of the Committee is absent from a meeting, then the Members present will determine by resolution who will preside at the meeting.

7.11 All decisions of the Committee shall be made based on a majority decision of the Members present.

7.12 Each Member of the Committee at a Meeting will have one vote. The Presiding Member will have a deliberative vote and does not, in the event of an equality of votes, have a casting vote.

7.13 There must be at least one occasion each year where a Meeting is held with the external Auditor on a confidential basis, ensuring that the majority of Committee Members are present for the Meeting and that no Elected Members or employees of the Council are present (other than those Elected Members who are Committee Members).[6]

7.14 Minutes of the Committee Meetings shall be circulated within five (5) days after a meeting to all Committee Members and to all Members of the Council.

[5] *Local Government (Procedures at Meetings) Regulations 2013*, Regulation 7(1)

[6] Local Government (Financial Management) Regulations 2011, Regulation 17B(a)

8. REPORTING

8.1. The Committee will provide a report to the Council after each Meeting, that summarises the work of the Committee during the period preceding the Meeting and the outcomes of the Meeting.[7]

8.2. The Committee will provide an Annual Report to the Council on the work that has been undertaken by the Committee and the Council must include this report in its Annual Report.[8]

8.3. The Committee will evaluate its performance annually, which may include consideration of these Terms of Reference, to ensure the Committee is operating at maximum effectiveness with recommendations for any changes presented to the Council for their consideration.

8.4. The Chief Executive Officer will provide an Annual Report to the Committee on the Council's internal audit processes.[9]

[7] *Local Government Act 1999*, Section 126(8)(a)
[8] *Local Government Act 1999*, Section 126(8)(b)
[9] *Local Government Act 1999*, Section 99(1)(ib)