1. ESTABLISHMENT

1.1 The City of Norwood Payneham & St Peters Audit Committee is established under Section 41 of the Local Government Act 1999 and the Regulations thereunder, for the purposes of Section 126 of the Act.

1.2 The Committee will be known as the Audit Committee.

1.3 The Committee may be wound up at any time by resolution of the Council.

1.4 These Terms of Reference were adopted by the Council on 3 December 2018.

2. OBJECTIVES

The principal objective of the Audit Committee is to add value to and improve, the City of Norwood Payneham & St Peters’ operations, by assisting the Council to meet its legislative and probity requirements as required by the Local Government Act 1999 and other relevant Legislation, Standards and Codes.

3. ROLE AND FUNCTIONS

3.1 The Audit Committee is an independent advisory Committee of the Council. The primary role of the Audit Committee is to assist the Council in the effective conduct of its responsibilities in respect to financial reporting, management of risk, maintaining a reliable system of internal controls that facilitates the organisation’s ethical development.

The Audit Committee is established to assist the co-ordination of relevant activities of management and the external auditor in order to facilitate the achievement of organisational objectives in an efficient and effective manner.

As part of the Council’s governance obligations to its citizens, the Council has constituted an Audit Committee to facilitate:

- the enhancement of the credibility and objectivity of internal and external financial reporting;
- propose and provide information relevant to a review of the Council’s Strategic Management Plans and Annual Business Plan;
- the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;
- effective management of financial and other risks and the protection of the Council’s assets;
- compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;
- the provision of an effective means of communication between the external auditor, management and the Council;
- proposing and reviewing the exercise of powers under Section 130A of the Local Government Act 1999.
- review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;
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- liaising with the Council’s Auditor; and
- reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

4. DELEGATED AUTHORITY

4.1 Pursuant to Section 44 of the Local Government Act 1999, the Audit Committee does not enjoy the delegation of any powers, functions and duties of the Council. All decisions of the Committee will, therefore, constitute only recommendations to the Council.

5. DUTIES AND RESPONSIBILITIES

5.1 The following are the duties and responsibilities of the Audit Committee:

(a) To review the scope of the external audit plan and programme and the effectiveness of the proposed external audit work. This review should consider whether, over a period of years, the external audit plan systemically addresses:
   - internal controls over significant areas of risk, including non-financial management control systems;
   - internal controls over revenue, expenditure, assets and liability processes;
   - the efficiency, effectiveness and economy of significant Council programmes; and
   - compliance with regulation, policies, best practice guidelines, instructions and contractual arrangements.

(b) Review the appropriateness of special external audit assignments undertaken by external audit at the request of the Council or the Chief Executive Officer.

(c) Critically analyse and follow up any external audit report which raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues and any other matters relevant under the Committee’s Terms of Reference. Review management’s response to and actions taken as a result of the issues raised.

(d) Monitor the risk exposure of the Council by determining if appropriate risk management processes and adequate management information systems are in place.

(e) Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.

(f) Review the Council’s draft Annual Financial Report, focusing on:
   - accounting policies and practices;
   - changes to accounting policies and practices;
   - the process used in making significant accounting estimates;
   - significant adjustments to the financial report (if any) arising from the audit process;
   - compliance with accounting standards and other reporting requirements; and
   - significant variances from prior years.

(g) Recommend adoption of the Annual Financial Report to the Council. Review any significant changes that may arise subsequent to any such recommendation but prior to the financial report being signed.

(h) Discuss with the external auditor, the scope of the annual financial report audit and the planning of the audit.

(i) Discuss with the external auditor, issues arising from the annual financial report audit, including any management letter issued by the auditor and the resolution of such matters.

(j) Review tendering policies and processes and advise the Council on appropriateness of those policies and any suggested amendments.

(k) Review the annual performance statement and recommend its adoption to the Council.
(l) Review issues relating to national competition policy, financial reporting by the Council’s business units and comparative performance indicators.

(m) To review the scope of the internal audit plan and programme and the effectiveness of the proposed internal audit work. This review should consider whether, over a period of years, the internal audit plan systemically addresses:
   - internal controls over significant areas of risk, including non-financial management control systems;
   - the efficiency, effectiveness and economy of significant Council programmes
   - compliance with regulation, policies, best practice guidelines, instructions and contractual arrangements; and
   - business improvement and performance efficiency reviews.

(n) Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer and the Council if appropriate. Oversee any subsequent investigations, including overseeing of the investigation of any suspected cases of fraud within the organisation.

(o) Monitor the progress of any major litigation against the Council.

(p) Address issues brought to the attention of the Audit Committee, including responding to requests from the Council for advice that are within the parameters of the Committee’s Terms of Reference.

(q) Report to the Council after each meeting, in the form of minutes or otherwise, and as necessary and provide an annual report to Council summarising the activities undertaken during the year.

(r) The Audit Committee in conjunction with the Council and the Chief Executive Officer should develop the Committee’s performance indicators.

5.2 The Audit Committee, through the Chief Executive Officer and following authorisation from the Council and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.

6. MEMBERSHIP AND CONDITIONS OF APPOINTMENT

6.1 Membership of the Committee will comprise:
   - the Mayor;
   - two (2) Elected Members as determined by resolution of the Council; and
   - two (2) Independent Members who are appointed by the Council and who are determined by the Council to have experience relevant to the functions of the Audit Committee.

6.2 The Council will appoint one (1) of the Members as the Presiding Member.

6.3 The Membership of the Committee comprises of the following:
   - Mayor Robert Bria;
   - Cr John Minney (Elected Member)
   - Cr Mike Stock (Elected Member)
   - Mr Peter Holmes (Independent Member); and
   - Pending appointment (Independent Member).

6.4 Conditions of Appointment shall include:
   (a) Independent Members will have senior business or financial management/reporting knowledge and experience, in particular, experience relevant to the functions of an audit committee and be conversant with the financial and other reporting requirements.
The evaluation of potential members will be undertaken by the Mayor and Chief Executive Officer and the two (2) Elected Members appointed to the Audit Committee taking account of the experience and qualifications of candidates and their likely ability to apply appropriate analytical and strategic management skills, and a recommendation for appointment put to Council.

(b) Expressions of Interest from Independent Members shall be made by the Council by way of a public advertisement and be for a term of two (2) years or some other period as determined by the Council. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council’s Elected Members.

(c) Remuneration will be paid to each Independent Member of the Committee (based on a set fee per meeting attended).

(d) Elected Members will be appointed for a term of two (2) years or some other period as determined by the Council.

7. REMOVAL OF A MEMBER

7.1 Membership of the Audit Committee continues for the term of the Committee, unless a Member resigns from the Committee or is removed earlier by resolution of Council.

7.2 If the Council proposes to remove a Member of the Committee, it must give written notice to the Member of its intention to do so and provide that Member with the opportunity to be heard at a Council meeting which is open to the public, if that Member so requests.

8. OPERATIONAL MATTERS

8.1 The Committee shall act at all times in strict accordance with the Local Government Act 1999 and any other relevant legislation.

8.2 In particular, the Committee shall act at all times in strict accordance with the Local Government Act 1999 and Part 2 of the Local Government (Procedures at Meetings) Regulations 2000, provided that the Committee may alter in whole or in part the application of Part 2 of the Regulations, where it forms the opinion that such alterations are necessary for the better operation of its meetings.

8.3 The Committee shall meet at the Norwood Town Hall, 175 The Parade, Norwood, in accordance with the responsibilities imposed upon it at Clause 5 of these Terms of Reference and otherwise on such dates and at such times as the Presiding Member of the Committee or the Committee, by resolution, may determine.

8.4 A quorum for a meeting of the Committee shall be three (3) members of the Committee, one (1) of whom shall be an Independent Member.

8.5 If the Presiding Member of the Committee is absent from a meeting, then the Members present will determine between themselves who will preside at the meeting.

8.6 All decisions of the Committee shall be made on the basis of a majority decision of the members present.

8.7 Insofar as the Local Government Act 1999 and Regulations and these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.

9. MEETINGS

9.1 The Committee shall meet at least quarterly (ie at least four (4) times each year) at appropriate times in the reporting and audit cycle and otherwise as required.
9.2 A schedule of meetings will be developed and agreed to by the Committee. As an indicative guide, meetings will be arranged to coincide with 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 to the Minister.

9.3 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee, no later than three (3) clear business days before the date of the meeting. Supporting papers, reports and documents shall be sent to the Audit Committee Members at the same time.

9.4 Additional meetings shall be convened at the discretion of the Presiding Member or at the written request of any member of the Committee or external auditor.

9.5 The Chief Executive Officer should attend all meetings and other Members of the Council or the Council staff may be invited to attend at the discretion of the Committee, to advise and provide information when required.

9.6 Representatives of the external auditor may be invited to attend at the discretion of the Committee but must attend meetings at which the draft Annual Financial Report and results of the external audit are considered.

9.7 The Council shall provide secretarial and administrative support to the Committee, through the Chief Executive Officer or his delegate.

10. REPORTING TO THE COUNCIL

10.1 Pursuant to Section 41(8) of the Local Government Act 1999, all decisions of the Audit Committee will be referred to the Council as recommendations of the Committee. The reporting of the decisions of the Committee in this manner, in accordance with Clause 1.2 of these Terms of Reference, will satisfy the requirements of Section 41(8).

10.2 In addition, the Committee shall report annually to the Council summarising the activities of the Committee during the previous financial year.

11. MINUTES OF MEETINGS

11.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Audit Committee, including recording the names of those present and in attendance, are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedures at Meetings) Regulations 2000.

11.2 Minutes of Audit Committee meetings shall be circulated within five (5) days after a meeting to all Members of the Audit Committee and to all Members of the Council and will (as appropriate) be available to the public.

12. TERM OF THE COMMITTEE

12.1 The Committee will be wound up without further action by the Council at the conclusion of the term of the Committee.

12.2 The term of the Committee expires on 30 November 2020.