



Charter Audit & Risk Committee

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Responsible Officer:	Manager Administration & Finance		
Applicable Legislation:	Local Government Act 1999, Local Government (Financial Management) Regulations 2011, Local Government (Procedures at Meetings) Regulations 2000		
Relevant Policies:			
Related Procedures:			
Adopted On:			

1. Committee Name

The name of the Committee shall be the District Council of Ceduna Audit & Risk Committee (hereinafter called 'the Committee').

2. Establishment

The District Council of Ceduna Audit & Risk Committee is established under Section 41 of the Local Government Act 1999 (the Act), for the purposes of Section 126 of the Act and in compliance with regulation 17 of the Local Government (Financial Management) Regulations 2011.

3. Purpose for which the Committee is established

The District Council of Ceduna Audit Committee is a Committee charged with the responsibilities of undertaking the functions detailed in section 126 of the Local Government Act 1999, namely to assist Council to accomplish its objectives by monitoring and providing advice on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance functions

4. Functions

The function of the Committee shall be to undertake any action, as appropriate, in pursuance of the above purpose. Such actions will include, but not limited to, the following:

4.1 Financial Reporting and Prudential Requirements

The Committee shall:

- 4.1.1 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability;

- 4.1.2 Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council;
- 4.1.3 Monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.;
- 4.1.4 Review and challenge where necessary:
 - 4.1.4.1 The consistency of, and/or any changes to, accounting policies;
 - 4.1.4.2 The methods used to account for significant or unusual transactions where different approaches are possible;
 - 4.1.4.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 4.1.4.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
 - 4.1.4.5 All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management);
- 4.1.5 Review prudential reports prepared under Section 48(1) of the Act and provide advice to Council, upon request, on other prudential matters.

4.2 Internal Controls and Risk Management Systems

The Committee shall:

- 4.2.1 Ensure that appropriate policies, practices and procedures of internal control (and other financial and risk management systems) are implemented, reviewed and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives;
- 4.2.2 Review Council's risk management framework and monitor the performance of Council's risk management program;
- 4.2.3 Monitor the corporate risk profile and significant risk exposures for the organisation to ensure that there are appropriate management plans to manage and mitigate this business risk; and
- 4.2.4 Ensure an appropriate legislative compliance framework exists to identify risks and controls over compliance with applicable legislation and regulations.

4.3 Public Interest Disclosures

The Committee shall:

- 4.3.1 Review annually the Council's Public Interest Disclosure arrangements and compliance with the requirements of the Public Interest Disclosure Act 2018.
- 4.3.2 Provide recommendations to Council regarding Public Interest Disclosure Policy and resourcing required to comply with legislative requirements

4.4 Internal Audit

The Committee shall:

- 4.4.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;
- 4.4.2 Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 4.4.3 Review all reports on the Council's operations from the internal auditors;
- 4.4.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 4.4.5 Where appropriate, meet the "head" of internal audit (internal or outsourced) at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Principal Member of the Council and to the Presiding Member of the committee.

4.5 External audit

The Committee shall:

- 4.5.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 4.5.2 Oversee Council's relationship with the external auditor including, but not limited to:
 - 4.5.2.1 Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 4.5.2.2 Recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 4.5.2.3 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
 - 4.5.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
 - 4.5.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
 - 4.5.2.6 Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);

- 4.5.3 Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;
- 4.5.4 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;
- 4.5.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;
 - 4.5.5.1 a discussion of any major issues which arose during the external audit;
 - 4.5.5.2 any accounting and audit judgements; and
 - 4.5.5.3 Levels of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.
- 4.5.6 Review any representation letter(s) requested by the external auditor before they are signed by management;
- 4.5.7 Review the management letter and management's response to the external auditor's findings and recommendations.

4.6 Economy and Efficiency Audits

The Committee shall:

- 4.6.1 Propose and review the exercise of powers under Section 130A of the Act; to examine and report on any matter relating to financial management, or the efficiency and economy with which the council manages or uses its resources to achieve its objectives,

5. Membership

- 5.1 The Committee will comprise Five (5) members as follows:
 - 5.1.1 Three (3) Independent Members; and
 - 5.1.2 Two (2) Council Elected Members
- 5.2 All members of the Committee will be appointed by the Council.
- 5.3 Independent Member(s) of the Committee shall have recent and relevant skills and experience in professions such as, but not limited to accounting, financial management, risk management, law, compliance, internal audit and governance.
- 5.4 It is desirable for the Council Members to be appointed to the Committee to have a sound understanding of financial management, risk management and governance.
- 5.5 Appointments to the Committee shall be for a period of up to Four (4) years or up to the next Council General Election
- 5.6 Members of the Committee are eligible for reappointment at the expiration of their term of office, however a maximum term of eight (8) years applies for Independent Members, along with a minimum two (2) year hiatus prior to being eligible for reappointment.
- 5.7 The Independent Members are to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

6. Register of Interest

The provisions of Chapter 5; Part 4; Division 2 of the Local Government Act, 1999 do apply to members of the Committee.

7. Presiding Member

- 7.1. The Committee shall appoint a Presiding Member to be chosen by the members of the Committee from amongst their own number and shall hold office for such term as may be determined by the Committee.
- 7.2. The Presiding Member shall preside at all meetings of the Committee and in the event of the Presiding Member being absent from a meeting, the members present shall appoint a member who shall preside for that meeting or until the Presiding Member is present.

8. Duties of the Presiding Member

The Presiding Member shall –

- 8.1. Call all meetings of the Committee in accordance with Clause 9;
- 8.2. Preside at all meetings of the Committee at which he or she is present and preserve order there at so that the business may be conducted in due form and with propriety;
- 8.3. Upon confirmation of the minutes sign them in the presence of the meeting.

9. Calling of Meetings

- 9.1 The Committee shall meet at least four times a year at appropriate times and places as determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.
- 9.2 If after considering advice from the CEO or delegate, the Presiding Member of the Committee is authorised to cancel the respective Committee meeting, if it is clear that there is no business to transact for that designated meeting.
- 9.3 Notice of the meetings of the Committee will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:
 - 9.3.1 To members of the Committee by email or as otherwise agreed by Committee members at least 3 clear days before the date of the meeting; and
 - 9.3.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

10. Quorum

No business shall be transacted at a meeting of the Committee unless one more than half the members, if there is an even number of members, or a majority of the whole number, if there is an uneven number of members, is present.

11. Proceedings of Meetings

- 11.1 Meeting procedure for the Committee is as set out in the Act, Parts 1, 3 and 4 of the Regulations. Insofar as the Act, the Regulations, or 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.

11.2 In accordance with Section 90(7a), one or more Committee members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Committee members.

11.3 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

11.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the committee.

12. Secretarial Resources

The Manager Administration & Finance (or their nominee) shall be the Secretary of the Committee.

13. Meeting Minutes

13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.

13.2 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and will (in accordance with legislative requirements) be available to the public.

14. Amendments, Alterations and Additions to Rules

These rules may be amended, altered or added to by a resolution of the Council made pursuant to Schedule 2 clause 3(5) of the Local Government Act, 1999.