Renmark Paringa Council

RENMARK PARINGA COUNCIL AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

Terms of Reference of the Audit and Risk Committee of the Renmark Paringa Council

Established Pursuant to Section 41 and 126 of the Local Government Act 1999

1. Establishment of Audit and Risk Committee

a) The Committee does not have executive powers and authority to implement actions in areas over which management has responsibility and does not have delegated financial responsibility.

b) The Committee does not have any management responsibilities and is therefore independent of management.

c) The purpose of the Committee is to:

1.c.1. to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters

1.c.2. The principal functions and extent of authority for the Committee are set out in Section 126(4) of the Local Government Act as follows:

i. reviewing the Council's strategic management plans and/or annual business plan; and

ii. reviewing the exercise of powers under Section 130A; and if the Council has exempted a subsidiary from the requirement to have an audit committee, the functions that would, apart from the exemption, have been performed by the subsidiary's audit committee; and

iii. liaising with the Council's auditor; and

iv. reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

In addition Council has taken into account proposed amendments under Statutes Amendment (Local Government Review) Act 2021 and current practice to incorporate:

v. reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council; and

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

vii. monitoring the responsiveness of the council to recommendations for improved based on previous audits and risk assessments, including those raised by a council's auditor; and
viii. proposing and reviewing the exercise of powers under section 130A; and
ix. liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and
x. reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and
xi. providing oversight of planning and scoping of the internal audit working plan and
xii. reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis;
xiii. 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, and
xiv. reviewing any report obtained by the council under section 48(1) and performing any other function determined by the council or prescribed by the regulations.

2. MEMBERSHIP

The following provisions apply to the membership of councils audit and risk committee:

a) the majority of the members of the committee must be persons who are not members of any council;
b) the members of the committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter;
c) the membership of the committee—
    i. may not include an employee of the council (although an employee may attend a meeting of the committee if appropriate); and
    ii. may include, or be comprised of, members of another council audit and risk committee or a regional audit and risk committee; and
    iii. must otherwise be determined in accordance with the requirements of the regulations.

Members of the committee are appointed by the Council. The committee shall consist of three independent members, with one of these members to be appointed as the Presiding Member by the Council,and two Elected Members with both Elected Members having proxies that can attend committee meetings when the Elected Members are not available.

d) The Independent members of the committee shall have recent and

relevant financial, risk management, internal audit experience.

e) 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.

f) The Director of Corporate and Community Services and Manager Finance Services will be in attendance at meetings but are not a member of the Committee. Other Council employees (if required) may attend any meeting as observers and/or be responsible for preparing papers for the Committee.

g) Council's external auditor may attend meetings where the interim and/or draft annual financial report and results are being considered.

h) Appointments to the committee shall be for a period of up to four years, or until the end of the term of the Council. Appointees may be reappointed by Council.

i) The independent members of the Committee are entitled to a payment for meeting attendance negotiated with the Chief Executive Officer and approved by Council.

3. QUORUM

a) The quorum necessary for the transaction of business shall be three (3) members of the Committee. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. MEMBERS LIABILITY

a) No Civil Liability shall attach to a member of a committee for an honest act or omission in the exercise performance or discharge or purported exercise, performance or discharge of the members or committee's functions or duties. A liability that would but for the foregoing attach to a member of a committee, attaches instead to the Council.

b) Pursuant to the Rules of the LGAMLS, the Council must apply prudent industry based risk management practices across all of its operations.

c) Any liability or risk management issues must be communicated within the Council.

5. CONFLICT OF INTEREST

a) The provisions of sections 73, 74 and 75 of the Local Government Act 1999 will apply to all members of the committee, in relation to meetings

and any business or proposed business of the committee.

b) The provisions of sections 73, 74 and 75 of the Local Government Act 1999 will apply to all members of the committee, in relation to meetings and any business or proposed business of the committee.

6. PROCEEDINGS OF THE COMMITTEE MEETING

a) Frequency of meetings:

6.a.1. The committee shall meet at least four times a year and there must be at least 1 meeting of the committee in each quarter.

b) Notice of meetings:

6.b.1. Ordinary meetings of the committee will be held at times and places determined by the Committee.

6.b.2. 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 committee and observers, no later than 5 clear days before the date of the meeting. Supporting papers shall be sent to committee members (and to other attendees as appropriate) at the same time.

c) Minutes of meetings:

6.c.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 Local Government (Procedures at Meetings) Regulations 2013.

6.c.2. Minutes of the Committee meeting will be presented to Council for endorsement at its next available meeting.

6.c.3. Minutes of committee meetings shall be circulated within five days after a meeting to all members of the committee and to all members of the Council and will (as appropriate) be available to the public.

d) Other proceedings:

6.d.1. Special Meetings may be held at any time at the request of the Presiding Member of the Committee or at least three members of the committee.

6.d.2. All resolutions of the committee shall act as recommendations to Council, subject to the committee being granted delegated authority to act according to Council policy and procedures in designated matters, or where Council has previously approved a course of action.

6.d.3. A question arising for decision at a meeting of the committee will be decided by a majority of the votes cast by the members present at the meeting and entitled to vote on the question.

6.d.4. All members of the committee who are present at a meeting shall have a deliberative vote.

6.d.5. The Presiding Member shall also have a casting vote if required.
6.d.6. All meetings of the committee are open to the public.

7. DUTIES OF THE PRESIDING OFFICER

a) The duties of the Presiding Officer of the committee are:

a) to preside at meetings of the committee
b) preserve order at meetings so that the business may be conducted in due form and with propriety
c) upon confirmation of the minutes, sign them in the presence of the meeting
d) responsibility to the Council for the proper observance of these Terms of Reference
e) if requested, to provide advice to the Executive Officer between committee meetings on the implementation of the decisions of the committee
f) to act as the principal spokesperson of the committee in consultation with the Executive Officer
g) each member should have interest, experience and skills commensurate with the functions of the committee. Availability to attend meetings regularly is essential.
h) to carry out the ceremonial duties of the committee.

b) General Duties of Members of the Committee

7.b.1. Members are expected to:

a) act honestly and within the law at all times
b) act in good faith and not for improper or ulterior motives
c) act in a reasonable, just and non discriminatory manner
d) undertake their role with reasonable care and diligence
e) conduct their ongoing relationship with fellow elected members, Council employees and the public with respect, courtesy and sensitivity
f) use information in a careful and prudent manner.
g) Each member should have interest, experience and skills in activities, which will be community related. Availability to attend meetings regularly is essential.
h) Committee Members shall participate on a voluntary basis.

c) Casual Vacancies

7.c.1. The position of member on the committee becomes vacant if the member –

a) resigns by notice in writing to the Presiding Member of the committee; or
b) is removed from office by the Council on the grounds that he or she has been absent without leave of the Committee from three or more consecutive meetings, the first of which having been held three months or more before the last; or
c) is removed by the Council at its sole discretion; or
d) is declared a bankrupt or applies for the benefit of the law

for the relief of insolvent debtors; or

e) is convicted of an indictable offence punishable by imprisonment; or fails to meet the qualification criteria for membership contained in the membership clause above.

7.c.2. Committee shall forthwith inform the Council if any member forfeits their seat in such a manner.

7.c.3. In respect of disqualification by reason of absence for three months or more, the member forfeiting their seat under these circumstances shall however be eligible for re-election to the committee of which they were a member.

7.c.4. If a casual vacancy occurs on the committee, the remaining members may, at their first meeting after the vacancy occurring, nominate a person to fill that vacancy, and shall submit that person's name to the Council for consideration for appointment.

7.c.5. In the event that a casual vacancy occurs within five (5) months of the next date of appointment of the committee, the committee may elect to continue until the next date of appointment without filling the casual vacancy.

7.c.6. In the event that three (3) positions become vacant concurrently for whatever reason, the Committee must immediately suspend the performance of its duties and obligations conferred by this Term of Reference and forthwith inform the Chief Executive Officer of the Council, who shall give consideration to the cause of the casual vacancies and seek determination from Council.

8. FUNCTIONS OF THE COMMITTEE

a) Financial Reports

8.a.1. The Committee shall monitor the integrity of the financial statements for Councils Annual Report, reviewing significant financial reporting issues and judgements which they contain.

8.a.2. The Committee shall review and challenge where necessary:

a) the consistency of, and/or any changes to accounting policies

b) the methods used to account for significant or unusual transactions where different approaches are possible.

c) whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor

d) the clarity of disclosure in the Council's financial reports and the context in which statements are made

e) all material information presented with the financial statements, such as operating and financial review and the corporate governance statement insofar as it relates to strategy, risk management and audit

f) review of asset management plans

g) review of long term financial plans

b) Internal Controls and Risk Management Systems
The committee shall:

8.b.1. Keep under review the effectiveness of the Council's internal controls and risk management systems; and

8.b.2. Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

8.b.3. Understand the business of the Council to appreciate the risks it manages on a daily basis, and to ensure that there are appropriate management plans to manage and mitigate this business risk. This will include insurance matters, financial reporting, legal and regulatory compliance, business continuity, and statutory compliance. This can be facilitated by discussions with the external auditors and by presentations by management on how business risks are identified and managed.

c) Public Interest Disclosure

8.c.1. Committee shall review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrong doings in financial reporting and other matters.

8.c.2. The Committee shall ensure these arrangements allow independent investigations of such matters and appropriate action follow up.

9. EXTERNAL AUDIT

The Committee shall:

a) review and monitor Council policy on the supply of non-audit services by the External Auditor, taking into account any relevant ethical guidance on the matter

b) consider and make recommendations to the Council, in relation to the appointment, re- appointment and removal of Council's External Auditor. The Committee shall oversee the selection process for new auditors and if any auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required.

c) oversee Council's relationship with the External Auditor, including but not limited to:

9.c.1. recommending the approval of the External Auditor's remuneration, the fees for audit or non-audit services and recommending whether the level of fees is appropriate to enable an adequate audit to be concluded.

9.c.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.

9.c.3. assessing the External Auditor's independence and objectivity in 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.

9.c.4. satisfying itself that there are no relationship (such as family, employment, investment, financial or business) between the External Auditor and the Council (other than in the ordinary course of business).

9.c.5. monitoring the External Auditor's compliance with legislative requirements on the rotation of audit partners

9.c.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.

9.c.7. meet the External Auditor as needed and at least once a year without management being present to discuss the External Auditor's report and any issues arising from the audit.

9.c.8. review and make recommendations on the annual audit plan, and in particular, its consistency with the scope of the external audit arrangement.

9.c.9. review the findings of the audit with the External Auditor. This shall include, but not be limited to, the following:

a) discussion of any major issues which arise during the external audit
b) any accounting and audit judgements
c) levels of errors identified during the external audit

9.c.10. review any representation letters and standard practice of any audit and provide the auditor confirmation from management (in particular the Chief Financial Officer) that amongst other matters, accounting standards have been consistently applied, that all matters that need to be disclosed have been so disclosed and that the valuation of assets has been consistently applied.

9.c.11. review the management letter and management's response to the External Auditor's findings and recommendations

10. REPORTING AND ACCOUNTABILITY

a) The committee shall make whatever recommendations to the Council it

deems appropriate on any area within its terms of reference where in its view action or improvement is needed.

b) The Committee shall provide an annual report to the council on the work of the Committee undertaken during the preceding financial year. The Council must ensure this is included in its annual report for that financial year.

c) Administration support will be provided by the Council.

d) Council will provide an Executive Officer of the committee.

e) A copy of the Minutes of every meeting, shall be provided to the Chief Executive Officer for inclusion in the Agenda of the next Council Meeting.

f) Where a particular matter requires a specific resolution or the attention of the Council, the minutes will adequately reflect a recommendation to be considered by Council.

g) The committee is accountable to the Renmark Paringa Council in all things.

h) Effectiveness of the Committee will be determined through annual self-assessment checks; additionally the Committees effectiveness and Terms of Reference will be reviewed by Council at the end of each general Council election.

11. OTHER MATTERS

The committee shall:

a) Have access to reasonable resources in order to carry out its duties [Note that this is subject to any budget allocation being approved by Council]

b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

c) Give due consideration to laws and regulations of the Act;

d) Consider and review relevant advice from South Australian Ombudsman and the Independent Commissioner Against Corruption.

e) Oversee any investigation of activities which are within its terms of reference; and

f) Oversee action to follow up on matters raised by the external auditors;

g) At least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and

recommend changes it considers necessary to the Council for approval.

12. DISPUTES

a) Should a dispute arise over any matter, the matter shall be handled in accordance with Council's Grievance Procedures; however the decision of the Council will be final.

b) The Renmark Paringa Council is committed to transparent decision making processes and to providing access to a fair and objective procedure for the hearing of review of decisions. Grievances may arise as a result of dissatisfaction with a decision about a policy, procedure, service or fee.

c) All attempts will be made to resolve grievances quickly and efficiently, without the need for formal applications for review to be lodged.Sometimes this cannot be achieved. The procedure provides guidance for dealing with formal requests for review of decisions of Council, its employees, and other people acting on behalf of Council.

d) Dealing with grievances at the local level is the most effective way of resolving matters quickly. Applicants for review of decisions will be encouraged to participate in the review handling process co-operatively. However, this will not negate citizens' rights to seek external review through the State Ombudsman, other legal appeal processes, or the Courts at any time during the complaint handling process.

e) Council's Procedure for Review of Decisions has been adopted in accordance with Section 270 of the Local Government Act.

13. REVIEW AND AMENDMENT TO TERMS OF REFERENCE

Council may at any time amend or alter these terms of reference by resolution of the Council. The committee shall at least annually, informally review these Terms of Reference to ensure that they properly reflect the role and function of the committee.

Approved at the meeting of Council held on: 24 September 2024

THE RENMARK PARINGA COUNCIL AUDIT AND RISK COMMITTEE

Schedule of Committee Members:

Name	Appointment Status	Date appointed or reappointed
Tim Muhlhausler	Independent Chairperson	22 November 2022
Felicity-Ann Lewis	Independent Member	28 November 2023
Brian Clancey	Independent Member	28 November 2023
Deputy Mayor Margaret Howie	Elected Member	28 November 2023
Mayor Peter Hunter	Elected Member	24 September 2024
Cr James John	Proxy for Elected Member Committee Members	24 September 2024
Cr Ben Townsend	Proxy for Elected Member Committee Members	24 September 2024