



TERMS OF REFERENCE OF THE MUNICIPAL COUNCIL OF ROXBY DOWNS AUDIT COMMITTEE

Reviewed May 2019

1. ESTABLISHMENT

- 1.1. Pursuant to Sections 36(1)(c) and 126 of the *Local Government Act 1999* ('the Act'), the Council establishes a committee to be known as the Municipal Council of Roxby Downs Audit Committee ("the Committee").
- 1.2. By operation of the *Roxby Downs (Indenture Ratification) Act 1982*, the provisions of the Act which relate to the establishment and meetings of a Council Committee do not apply to the Council. However, in the interests of sound governance and accountability in decision-making, the Council requires the Committee to observe relevant provisions of the Act that are applied to it by these Terms of Reference.

2. FUNCTIONS & OBJECTIVES

The Committee is established consistent with and for the purpose of undertaking the functions set out at section 126(4) of the Act. Specifically, the Committee will undertake the following functions:

2.1. Financial Reporting

- 2.1.1 The Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and findings which they may contain.
- 2.1.2 The Committee shall review:
 - 2.1.2.1 the consistency of, and/or any changes to, accounting policies;
 - 2.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 2.1.1.3 whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 2.1.1.4 the clarity of disclosure in the Council's financial reports and the context in which statements are made; and
 - 2.1.1.5 all material information presented with the financial statements.

2.2 Internal Controls and Risk Management Systems

The Committee shall:

- 2.2.1 keep under review the application and effectiveness of the Council's internal controls and risk management systems; and
- 2.2.2 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.
- 2.2.3 review a range of internal policies according to a prescribed schedule.

2.3 External Audit

The Committee shall:

- 2.3.1 if requested, assist the Administrator in overseeing the selection process for the external auditor.
- 2.3.2 if an external auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- 2.3.3 assist the Administrator to oversee the Council's relationship with the external auditor including, but not limited to:
 - 2.3.3.1 the external auditor's remuneration, and whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 2.3.3.2 the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 2.3.3.3 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);
 - 2.3.3.4 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
 - 2.3.3.5 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);
- 2.3.4 liaise and meet as needed with the external auditor — the Committee shall meet the external auditor at least once a year to discuss the external auditor's report and any issues arising from the audit;
- 2.3.5 review and make comment on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;
- 2.3.6 review the findings of the audit with the external auditor — this shall include, but not be limited to the following:
 - 2.3.6.1 a discussion of any major issues which arose during the external audit;
 - 2.3.6.2 any accounting or audit judgements; and
 - 2.3.6.3 levels of errors identified during the external audit;

- 2.3.6.4 review the effectiveness of the external audit;
- 2.3.6.5 review any representation letter(s) requested by the external auditor before they are signed by management; and
- 2.3.6.6 review the management letter and management's response (if any) to the external auditor's findings and recommendations.

2.4 Internal Audit

The Committee shall:

- 2.4.1 monitor and review the effectiveness of Council's internal audit function in the context of Council's overall risk management system;
- 2.4.2 consider and make recommendations on the work program for the Internal Auditor;
- 2.4.3 monitor management's implementation of agreed actions;
- 2.4.4 on an annual basis, discuss any issues arising from the internal audits with the Internal Auditor; and
- 2.4.5 monitor and review the selection process for the Internal Auditor.
- 2.4.6 meet with the Internal Auditor at least once a year, (including a segment without Council management being present) to discuss issues arising from the internal audits.

2.5 Efficiency and Economy Measures

The Committee shall:

- 2.5.1 propose and review, as appropriate, the exercise by the Council of the powers under Section 130A of the Act; and

2.6 Strategic and Annual Business Plans

The Committee shall:

- 2.6.1 make proposals and/or provide any information relevant to a review of the Council's strategic management plans and/or annual business plan.

2.7 Reporting Responsibilities

The Committee shall make whatever recommendations to the Administrator it deems appropriate on any area within these Terms of Reference where in its view action or improvement is needed there.

2.8 Other Matters

The Committee shall:

- 2.8.1 have access to reasonable resources in order to carry out its functions;
- 2.8.2 be provided with appropriate and timely training, both in the form of an induction program and on an ongoing basis for all members;
- 2.8.3 oversee action to follow up on matters raised by the external auditors;

2.8.4 at least once a year, formally review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend changes it considers necessary to the Council for approval; and

2.8.5 consider any other matters or undertake any other tasks referred to it by the Administrator and/or the Chief Executive.

3 MEMBERSHIP

3.1 The Committee will comprise three independent members at least one of whom must have financial experience relevant to the functions of the Committee.

3.2 The Presiding Member will be determined by the Council. The term of office for the Presiding Member shall be 3 (three) years.

3.3 The role of the Presiding Member includes:

3.3.1 overseeing and facilitating the conduct of meetings in accordance with the *Local Government Act* and these Terms of Reference.

3.3.2 ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner; and

3.3.3 where a matter has been debated significantly and no new information is being discussed to call the meeting to order and ask for the debate to be finalised and the motion to be put.

3.4 The ordinary members of the Committee are appointed for a term of two years.

3.5 Members of the Committee are eligible for re-appointment at the expiration of their term of office.

4 OPERATIONAL MATTERS

4.1 The Committee does not have delegated authority to undertake any powers or functions of the Council. Accordingly, all decisions of the Committee constitute recommendations to the Council.

4.2 The Committee will meet at least four times per year on such dates and at such times as the Presiding Member of the Committee, or the Committee by resolution, may determine. The Council may direct the Committee to hold any additional meetings.

4.3 The Council will provide a support officer for the purposes of co-ordination and preparation of agendas and reports for and minutes of Committee meetings and as a point of contact for all Committee members.

5 NOTICE OF MEETING AND MEETING PROCEDURE

5.1 The Committee shall conduct its meetings in accordance with the Meeting Procedures set out in the Appendix to these Terms of Reference.

5.2 Notice of Committee meetings will be given to members of the Committee pursuant to section 87 of the Act by email or as otherwise agreed by Committee members at least three clear days before the date of the meeting.

5.3 All formally convened meetings of the Committee will be open to the public and a public notice of the meeting will be given by way of publication on the Council's website.

5.4 A quorum for a meeting of the Committee shall be two members of the Committee.

- 5.5 A member may, at the discretion of the Chair of the Committee, attend and participate in the meeting by telephone or by other approved electronic means.
- 5.6 All members of the Committee present at a meeting must vote on a question arising for decision.
- 5.7 All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 5.8 Every member of the Committee has a deliberative vote only. In the event of a tied vote the person presiding at the meeting does not have a second or casting vote.
- 5.10 Insofar as 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.
- 5.11 Any decision of the Committee must be supported in the minutes of the meeting by clear reasons for the decision.

6 CONDUCT AND DISCLOSURE OF INTEREST

Members of the Committee must comply with the conduct and conflict of interest provisions of the Act. In particular, Sections 62 (general duties), 63 (mandatory code of conduct) and 73-74 (material conflict of interest) must be observed.

7 COUNCIL WORK BY COMMITTEE MEMBERS

At the sole discretion of the Administrator, Committee members may, if requested, perform other work for Council as a separate engagement subject to individual members declaring an interest and refraining from participating in the decision making should that matter come before the Committee for consideration.

8 REMUNERATION

Remuneration (meeting fee) for the independent members will be determined by the Council from time to time.

9 REPORTING

The Presiding Member of the Committee will, where necessary, provide a written report to the Administrator recommending any items that require a specific decision by the Council.

Roy Blight
Chief Executive

Enc Appendix 1 Meeting Procedures

MUNICIPAL COUNCIL OF ROXBY DOWNS AUDIT COMMITTEE

APPENDIX 1

MEETING PROCEDURES

1. The Council requires the Committee to observe parts 1, 3 and 4 of the *Local Government (Procedures at Meetings) Regulations 2000*, which apply in respect of all meetings of the Committee.
2. The decision of the Presiding Member at meetings of the Committee in relation to the interpretation and application of these Meeting Procedures shall be absolute and binding on the Committee.
3. A meeting of the Committee will commence as soon after the time specified in the notice of meeting when a quorum is present.
4. The minutes of proceedings at a meeting of the Committee must include
 - 4.1. the names of the members present at the meeting; and
 - 4.2. the names of the mover and seconder of each motion
 - 4.3. each motion carried or lost at the meeting; and
 - 4.4. any disclosure of interest made by a member.
5. The minutes of the proceedings at a meeting must be submitted for confirmation at the next meeting or, if that is omitted, at a subsequent meeting of the Committee.
6. Business may only be transacted at a meeting of the Committee as follows:
 - 6.1. by way of a motion without notice in support of a recommendation set out in an officer's report, or
 - 6.2. by way of a motion without notice which is accepted by the Presiding Member as suitable having regard to the 'Guiding Principles' at Part 1 of the *Local Government (Procedures at Meetings) Regulations*, or
 - 6.3. by way of a motion without notice which has been given consent by the meeting, or
 - 6.4. by way of a notice of motion which has been provided in writing (together with a supporting short explanation) to the Committee support officer at least 7 clear days before the meeting at which it is to be considered.

(NOTE: for the purposes of 6.4 the motion must be provided in written form)
7. Only one amendment may be moved in relation to any motion. An amendment to a motion may not be moved by the mover and seconder of the motion.
8. Subject to clause 9 any motion or amendment which is not seconded will lapse.
9. Any motion or amendment may be varied where the mover and the seconder agree.
10. Only the mover of a motion has a right of reply.
11. A member may speak more than once to a motion with the consent of the Presiding Member or the consent of the meeting.

12. A member does not have a right to speak to any agenda item which is for information only unless the Presiding Member or the meeting grants consent to speak.
13. All other aspects of the meeting procedure at a Committee meeting will be determined at the discretion of the Presiding Member having regard to issues of equity and fairness and the Guiding Principles at Regulation 5 of the *Local Government (Procedures at Meetings) Regulations* or otherwise with the consent of the meeting.

Note: where the Presiding Member refuses to grant consent to any matter in accordance with these Meeting Procedures and provision is made for consent to be provided by the meeting, the Presiding Member must put the issue to the meeting at the request of the member seeking the consent.

Roy Blight
Chief Executive