



## **1. Establishment**

Pursuant to Section 41 of the Local Government Act, 1999 the Council establishes a Committee to be known as the Audit & Risk Committee. ("The Committee").

## **2. Objectives**

The Committee is established for the purpose of undertaking on behalf of the Council those functions and powers relative to the Audit & Risk Committee, in accordance with the delegations made by the Council to the Committee.

## **3. Role**

3.1 Section 126 (4) of the Local Government Act 1999 articulates the functions of the Audit & Risk Committee, which includes:

- 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 plan, asset management plan, long term financial plan and annual business plan.
- 3.1.3 Monitoring the responsiveness of the Council to recommendations for improvement based on previous audit and risk assessments, including those raised by Councils auditors.
- 3.1.4 Proposing and reviewing, the exercise of powers under Section 130A.
- 3.1.5 If the Council has exempted a subsidiary from the requirement to have an audit committee, undertake the functions that would apart from the exemption, have been performed by the subsidiary's audit committee.
- 3.1.6 Liaising with the Council's external auditor.
- 3.1.7 Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of Council on a regular basis.
- 3.1.8 Monitor CGVC performance against the requirements of the ESCOSA Rates Oversight Scheme where the objective is: *"council's longer-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services"*



3.1.9 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.

3.1.10 Reviewing any report obtained by Council under Section 48 (1).

#### **4. Membership**

4.1 Membership of the Committee shall consist of:

4.1.1 The Principal Member of the Council;

4.1.2 One elected member appointed by Council (by resolution from time to time);

4.1.3 Three Independent members who shall have recent and relevant experience, appointed by Council.

4.2 The Presiding Member of the Committee shall be appointed by Council as legislated.

4.3 Only members of the Committee are entitled to vote in Committee meetings. Officers of Council may attend any meeting as observers or be responsible for preparing papers for the Committee. In accordance with the principles of open, transparent and informed decision making.

4.4 Committee meetings will be taken to be conducted in a place open to the public, even if one or more members participate in the meeting by telephone or by other electronic means, provided that members of the public can hear the discussion between all members.

4.5 The agenda and minutes of the Committee meetings, subject to any items that are discussed in confidence under the relevant legislative provisions, are also required to be made available to the public.

4.6 Council's external auditors and internal auditors may be invited to attend meetings of the Committee.

4.7 Appointments to the Committee shall be for a period of four years, or until the end of the term of the Council or as determined by Council. Appointees may be reappointed by Council.



## **5. Secretarial Resources**

- 5.1 The Chief Executive Officer shall provide sufficient secretarial resources to the Committee to adequately carry out its functions.

## **6. Quorum**

- 6.1 The quorum necessary for the transaction of business shall be 50% of the number of members of the Committee plus one. 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.

## **7. Frequency of Meetings**

- 7.1 The Committee shall meet at least four times a year at appropriate times in the reporting and audit cycle.

## **8. Notice of Meetings**

- 8.1 Ordinary meetings of the Committee will be held at times and places appointed by Council or, subject to a decision of Council, the Committee. A special meeting of the Committee shall be summoned by the Chief Executive Officer at the request of its Presiding Member or any two members of the Committee.
- 8.2 Unless otherwise agreed, 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 invitees, no later than three clear days before the date of the meeting. Supporting papers shall be sent to Committee members and to other invitees as appropriate, at the same time.

## **9. Minutes of Meetings**

- 9.1 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.
- 9.2 The Chief Executive Officer shall include on the agenda the declaration by any Committee member and the existence of any conflicts of interest and minute them accordingly.
- 9.3 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and members of the Council.



## **10. Financial Reporting**

- 10.1 The Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.
- 10.2 The Committee shall review and challenge where necessary:
- 10.2.1 The consistency of, and/or any changes to, accounting policies;
  - 10.2.2 The methods used to account for significant or unusual transactions where different approaches are possible;
  - 10.2.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor
  - 10.2.4 The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
  - 10.2.5 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.

## **11. Internal Controls and Risk Management Systems.**

The Committee shall:

- 11.1 Keep under review the effectiveness of the Council's internal controls and risk management systems and
- 11.2 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

## **12. Public Interest Disclosure**

The Committee shall review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.



### **13. External Audit**

The Committee shall;

- 13.1 Consider and make recommendations to the Council, in relation to the 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.
- 13.2 Oversee Council's relationship with the external auditor including, but not limited to:
  - 13.2.1 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;
  - 13.2.2 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;
  - 13.2.3 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;
  - 13.2.4 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);
  - 13.2.5 Monitoring the external auditor's compliance with legislative requirements and the rotation of audit partners; and
  - 13.2.6 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.
- 13.3 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;
- 13.4 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;



- 13.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
- 13.5.1 A discussion of any major issues which arose during the external audit;
  - 13.5.2 Any accounting and audit judgements; and
  - 13.5.3 Levels of errors identified during the external audit.
- 13.6 The Committee shall also review the effectiveness of the external audit.
- 13.7 Review any representation letter(s) requested by the external auditor before they are signed by management;
- 13.8 Review the management letter and management's response to the external auditor's findings and recommendations.

#### **14. Reporting Responsibilities**

- 14.1 The minutes of the proceedings of the Audit & Risk Committee will be circulated to all Council Members.
- 14.2 If requested by Council, the Committee Chair shall report to the Council either in writing as a Presiding Member's report or verbally.
- 14.3 The minutes will also, after confirmation, be made available to the public
- 14.4 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its charter where in its view action or improvement is needed.

#### **15. Other Matters**

The Committee shall:

- 15.1 Have access to reasonable resources in order to carry out its duties;
- 15.2 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 ;
- 15.3 Give due consideration to laws and regulations of the Local Government Act, 1999;
- 15.4 Make recommendations on co- ordination of the internal and external auditors;
- 15.5 Oversee any investigation of activities which are within its terms of reference;



- 15.6 Oversee action to follow up on matters raised by the external auditors; and
- 15.7 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.

## **16. Authority**

The Committee is authorised:

- 16.1 To seek any information it requires from any employee of the Council after advising the Chief Executive Officer, in order to perform its duties;
- 16.2 To obtain, at the Council's expense, after consultation with the Chief Executive Officer) outside legal or other professional advice on any matter within its terms of reference.