

Audit and Risk Committee – Terms of Reference

Date Adopted: October, 2015
Review Date: Annually

1. Establishment

The Audit and Risk Committee (the Committee) is established as an advisory committee to the Council in accordance with the Local Government Act Part 5.2, and section 10(2) (b) of the Local Government (Accounting) Regulations.

2. Objective

The Committee is to provide independent assurance and assistance to the Central Desert Regional Council (the Council) and the Chief Executive Officer (CEO) on:

- The Council's risk, control and compliance frameworks
- The agency's external accountability responsibilities as prescribed in the Local Government Act and Accounting Regulations

3. Authority

With consideration of legal and confidentiality implications the committee is authorised, within the capacity of its role and responsibilities, to:

- Obtain any information it requires from any employee and/or external party.
- Discuss any matters with the external auditor, or other external parties.
- Request the attendance of any employee at committee meetings.
- Obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

4. Members and Tenure

The Committee consists of:

- Two Councillors, one of whom will be the President or Deputy President.
- One Community Member, with preference for one of whom should be either a CPA or a CA.
- The Chairman of the Committee shall be a Community member.
- The Council shall appoint Councillors to this Committee annually and the Community Member shall be appointed for a term of two years.

The Chief Executive Officer may attend committee meetings.

5. Key Responsibilities

The Committee will undertake the following functions:

- Monitor strategic and operational risk management and the adequacy of the internal control policies, practices and procedures established to manage identified risk.
- Oversee the internal audit function including development of audit programs with reference to the Council's risk assessment, the conduct of internal audits by appropriately qualified personnel, the monitoring of audit outcomes and the implementation of recommendations.
- Review quality of annual financial statements and other public accountability documents (such as annual reports) prior to their adoption by the Council.

- Review management's responses to external audit recommendations and monitor implementation of the agreed recommendations.
- Meet with the external and relevant internal auditors at least once each year to receive direct feedback about any key risk and compliance issues, and to provide feedback about the auditor's performance.
- Advise the Council about the appointment of external auditors.
- Assess the adequacy of audit scope and coverage.

6. Reporting

The Committee will regularly report on its operation and activities, including:

- A summary of the key issues arising from each meeting of the committee.
- Annually, an overall assessment of the Council's risk, control and compliance framework, together with a summary of the work the committee performed in conducting its responsibilities during the preceding year.
- The committee will make recommendations and report directly to Council.

7. Meetings

The Committee will meet at least three times per year and a special meeting may be held to review the Council's Annual Report including financial statements.

A forward meeting plan, including meeting dates and agenda items, will be agreed to by the Committee each year and will address all of the Committee's responsibilities as detailed.

8. Quorum

A quorum will consist of a majority of Committee Members.

9. Secretariat

Secretariat support will be provided by the Central Desert Regional Council.

Responsibilities

The Secretariat will be responsible for ensuring that the agenda for each meeting and supporting documentation are circulated, after approval from the chair, at least one week prior to the meeting. The Secretariat will prepare and maintain the minutes ensuring they are signed by the chair and distributed to each member.

10. Conflict of Interest

In accordance with Section 74(1) of the Local Government Act, committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. All details of any conflict of interests are to be minuted.

If members or observers at a Committee meeting are deemed to have a real or perceived conflict of interest, they are to be excused from Committee discussions on the issue where the conflict of interest exists.

11. Confidential and Improper Use of Information

Committee Members will from time to time deal with confidential reports. Section 75 of the Local Government Act outlines the penalties applicable to people who disclose confidential information acquired



two ways :: one outcome

as a member of a Council committee. Section 76 of the Local Government Act states that a person who makes improper use of information acquired as a member of a Council committee is guilty of an offence.

12. Due Diligence and Induction

All proposed and new members of the Committee will be entitled to receive relevant information and briefings prior to, and shortly after, their appointment.

13. Assessment of Committee

The chair of the committee and the CEO will initiate a review of the performance of the committee at least once every two years. The review will be on an internal assessment basis with appropriate input from the Council, CEO and senior managers, internal and external auditors, and any other relevant stakeholders.

14. Review

These Terms of Reference will be reviewed on an annual basis by the Committee. Any substantive changes will be recommended by the Committee and formally approved by the Council.

15. Approval and Review History

Date	Comment
7 Feb 2014	Adopted by Council
3 Sep 2015	Reviewed by Audit and Risk Committee – recommended change to section 4 Members and Tenure to reduce membership from four to three. New heading “Quorum”.