

# Audit, Risk, Value and Efficiency Committee

## Terms of Reference

### **Preamble**

A Committee of Council may be established by resolution of the Council.

A Committee is established for the purpose of assisting Council in the performance of its functions, inquiring into and reporting to Council on matters within the ambit of Council's responsibilities, providing advice to Council and to exercise, perform or discharge delegated powers, functions or duties of the Council.

Section 126 of the *Local Government Act 1999* requires Council to appoint an audit committee, with specific functions and responsibilities. Council has established the Audit, Risk, Value and Efficiency Committee to fulfil this role.

The establishment of a Committee does not derogate from the power of the Council to act in a matter.

### **1. Specific purpose of the Committee**

The Audit, Risk, Value and Efficiency Committee aims to provide advice to Council on its financial reporting and sustainability, internal controls and risk management systems, public interest disclosures, internal and external audit and the value and efficiency of its services, programs and processes by:

#### **Financial Reporting and Sustainability**

- Reviewing Council's annual financial statements to ensure that they present fairly the state of affairs of the Council.
- Reviewing the format of budgets and actual financial performance information reported to Council to ensure they comply with accounting regulations and include key financial sustainability information.
- Reviewing the annual business plan of the Council.
- Reviewing the appropriateness of Council's strategic financial decision making models and processes to ensuring consistency between strategic management plans and their impact on Council's ongoing financial sustainability.
- Reviewing Council's key financial policies.
- Reviewing procedures and policy methodologies regarding asset values and depreciation rates.

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

- Reviewing the risk profile of the City of Onkaparinga and monitoring risk exposures.
- Reviewing risk management processes and management information systems using best practice and industry models.
- Reviewing the adequacy of systems of control in relation to conflicts of interest and related work standards and practices.

## **Public Interest Disclosures**

- Reviewing Council's Public Interest Disclosure policy and procedures as required under the *Public Interest Disclosure Act 2018* (PID Act), ensuring principles of good governance are implemented through Council's internal controls and processes.

## **Internal Audit**

- Reviewing the provision of internal audit services, including the independence of the function from internal operations of the council, along with the adequacy of resource levels and the scope of its services and authority.
- Reviewing the adequacy and appropriateness of the internal audit charter and work plan and contribute directly to its development considering the following matters:
  - the organisation's risk profile
  - internal controls over significant risks, including non-financial management control systems
  - internal controls over revenue, expenditure, assets and liabilities
  - the efficiency, effectiveness and economy of significant Council programs and activities
  - compliance with regulations, policies, procedures, executive standards, instructions and contractual arrangements
  - Council's strategic management plans and the annual business plan.
- Reviewing internal audit reports and monitoring the implementation by management of recommendations made.
- Where appropriate and at least annually, meeting the internal auditor without management being present to discuss any issues arising from the internal audits carried out.

## **External Audit**

- Liaising with Council's external auditor with respect to any audit qualifications, comments or recommendations made with respect to the annual audit process and assessing the appropriateness of council's response to those matters. Meeting formally, in camera, with the external auditor, at least annually.
- Reviewing external audit findings and monitoring the implementation by management of recommendations made.
- Overseeing council's relationship with the external auditor, including but not limited to:
  - reviewing and recommending for endorsement by Council the appointment, reappointment and removal of the external auditor ensuring that the arrangements comply with legislation
  - 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
  - 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
  - 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
  - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and Council (other than in the ordinary course of business)
  - monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners
  - assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process.

## **Value and Efficiency**

- Reviewing assessments of council's services/programs/processes targeting the efficiency and effectiveness with which Council manages its resources to achieve its objectives and any subsequent re-engineering recommendations.
- Reviewing benchmarking of council's service delivery against other councils and other industries.
- Reviewing the appropriateness of identified corporate performance targets and measures to assist in the delivery of the objectives detailed in the Community Plan.

## **Miscellaneous**

- Reviewing any internal or external audit report that raises significant issues on risk management, internal control, financial reporting and other accountability or governance issues, and any other matters relevant to these terms of reference. Review management's response to, and actions taken as a result of issues raised.

- Addressing issues brought to the attention of the Committee, including responding to requests from Council and the Chief Executive Officer for advice that are within the parameters of these Terms of Reference.
- The Audit, Risk, Value and Efficiency Committee will prepare and keep under review an annual work plan and consider business as per the functions of the Committee.
- The Committee will prepare an annual report to Council on its activities.
- The Committee will review its performance against these Terms of Reference annually and the results of these reviews will be included in the Committee's Annual Report.
- The Committee may at any time make recommendations to the Council to amend these Terms of Reference when the Committee forms the opinion that such amendments are necessary for the better operation of the Committee in the performance of its role.
- Matters related to the functions of the Committee may be referred to the Committee by Council.
- Providing feedback to Council on the effects of proposed legislative change affecting the Audit, Risk, Value and Efficiency Committee.

### **Other Local Government Act responsibilities**

The Committee may propose investigations and reviews in accordance with section 130A 'Other Investigations' of the *Local Government Act 1999*.

## **2. Delegations**

The Committee has delegated authority to:

- seek any information it requires from the Chief Executive Officer in order to perform its duties
- form sub-committees of the Committee, as it deems necessary
- determine if an item should be considered in confidence
- approve minutes as a true and accurate record of proceedings
- approve the work plan and annual report of the Committee
- provide advice to Council.

## **3. Establishment of the Committee**

Pursuant to sections 126 and 41 of the *Local Government Act 1999* the Council establishes a committee to be known as the Audit, Risk, Value and Efficiency Committee (referred to in these Terms of Reference as 'the Committee').

## **4. Membership**

The *Local Government (Financial Management) Regulations 2011* requires that Council's Audit Committee must:

- have between 3 and 5 members (inclusive)
- include at least 1 person who is not a member of Council and who is determined by the Council to have financial experience relevant to the functions of an audit committee

- not include the Council's auditor as a member (section 128 of the *Local Government Act 1999*).

Membership of the Committee comprises three (3) elected members and two (2) independent representatives of which one is appointed by Council as the Chairperson. The independent members of the Committee will have, in the opinion of Council, relevant experience and knowledge.

The Committee will have a proxy member for the elected members. In the event that an elected member is unavailable, they may request the proxy member to attend a specific meeting on their behalf.

Members must notify the Chairperson and meeting secretary of non-attendance of a meeting.

The proxy member may attend meetings of the Committee but has no voting entitlement unless representing an absent elected member.

The Chairperson may approve participation by an independent member in a committee meeting via electronic means under extraordinary circumstance. A quorum must be present prior to approval.

All elected members may participate in occasional Committee meetings and workshops at the invitation of the Chairperson. Elected members who are not members of the Committee have no voting entitlements.

Elected members of the Audit, Risk, Value and Efficiency Committee will hold office for the period of 11 December 2018 until the last Council meeting in December 2019.

The independent members will each be appointed for four (4) years, such that:

- the Presiding Member's term of office commences at the mid-point of the Council term
- the second independent member's term of office commences on 1 July in the year following the Council election

The Independent Members of the Committee will be paid an allowance in the form of a sitting fee for each meeting attended as set by Council resolution.

Absence, without leave of Council or the committee, for three or more consecutive meetings may result in removal from office by Council resolution.

Members of the Committee may be removed from office by Council resolution at any time.

*Membership of Audit, Risk Value and Efficiency Committee*

<b>Elected Members</b>	<b>Independent Members</b>
Cr G Eaton	Mr David Powell, Chairperson (appointed until 31 December 2020)
C M O'Brien	Mr Peter Brass appointed until 30 June 2023
Cr B Cowan	

Cr A de Graaf (proxy member)	
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## 5. Chairperson

The Chairperson is appointed by Council, being:

Chairperson	Mr David Powell
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The role of the Chairperson is to:

- Oversee the orderly conduct of meetings in accordance with the *Local Government Act 1999*, the *Local Government (Procedures at Meetings) Regulations 2013* and the Council 'Code of Practice - Proceedings of Meetings'.
- Ensure that the Guiding Principles at Regulation 4 are observed and that all Committee members have an opportunity to participate in discussions in an open and responsible manner.
- Ensure when a matter has been debated significantly and no new information is being discussed to call the meeting to order and move the debate towards finalisation.
- Meet with Council on an annual basis to present the Committee's annual report and answer any questions relating to the function and activities of the Committee.

The Chairperson of a Committee is not excluded from debate and may add to the debate nearing its end (so as not to 'lead from the Chair'). The Chairperson of a Committee has a deliberative vote and does not have a casting vote.

If the Chairperson of the Committee is absent from a meeting, an interim Chairperson will be appointed from amongst the members present, with preference given to this being another independent member and will preside at that meeting.

The Committee minutes shall be presented to the next available meeting of Council, including recommendations that require a decision of Council, in the form resolved by the Committee, for consideration of the Council. The Chairperson of a Committee may move the motion of the Committee.

## 6. Meeting details

The Audit, Risk, Value and Efficiency Committee will meet every six weeks on a Monday at 6pm at the principal office of Council. The venue, time and date may be altered at the discretion of the Chairperson to suit a large public gallery, a specific issue or other extenuating circumstances.

## 7. Meeting Procedures

Meetings of the Audit, Risk, Value and Efficiency Committee will be held in accordance with:

1. *Local Government Act 1999*
2. *Local Government (Procedures at Meetings) Regulations 2013*
3. Council's Code of Practice: Proceedings of Meetings
4. Council's Code of Practice: Access to Meetings and Documents 2015

Where these guiding documents are silent, the Committee will consider and determine its own meeting practice, processes and procedures within the parameters of the *Local Government Act 1999*.

## **8. Access and Documents**

A minimum of three clear days' notice of the meeting, accompanied by the agenda, will be provided to members of the Committee and the public, in accordance with section 87 of the *Local Government Act 1999*.

Minutes will be available within five days after a meeting in accordance with section 91 of the *Local Government Act 1999* and will be provided to all members of the Audit, Risk, Value and Efficiency Committee.

Agendas and minutes will be made available, within the above timelines, at [www.onkaparingacity.com](http://www.onkaparingacity.com).

Members of the public are able to attend all meetings of the Committee, unless excluded from the meeting by the confidentiality provisions of section 90 of the *Local Government Act 1999*.

## **9. Deputations**

The Committee Chairperson may allow deputations to appear if they align with the business of the Committee or are referred by the Council.

A deputation must not exceed ten minutes except with the consent of the Committee.

## **10. Petitions**

All petitions must be received by Council. However, Council may refer a matter arising from a petition to the Audit, Risk, Value and Efficiency Committee for consideration.

## **11. Conduct and Interests of Committee Members**

All members of the Committee must comply with the Code of Conduct for Council Members and chapter 5 part 4 of the *Local Government Act 1999* relating to Conduct and Disclosure of Interests.

## **12. Role of Administration**

The Responsible Officer for the Audit, Risk, Value and Efficiency Committee will be the Director Corporate and City Services (with the Chief Financial Officer as proxy officer).

Staff will attend meetings as required and are responsible to provide advice and recommendations to the Committee.

The Committee shall establish and maintain a close working relationship with the Responsible Officer to ensure that management has implemented operational internal controls and risk management systems.

### 13. Terms of Reference approval

<b>Responsible officers/departments:</b>	Director Corporate and City Services Manager Governance
<b>Adopted by:</b>	Council
<b>Adoption date:</b>	11 December 2018
<b>Next review:</b>	By December 2019
<b>Dates of previous reviews:</b>	Adopted by Council – 20 March 2012 Altered by Committee – 18 June 2012 Adopted Council – 10 July 2012 Adopted by Council – 9 December 2014 Adopted by Council - 1 December 2015 Adopted by Council - 13 December 2016 Amended by Committee – 13 February 2017 Adopted by Council 21 November 2017 Amended membership – 20 February 2018 Adopted by Council – 11 December 2018 Meeting time amended by Council – 19 February 2019 Amended membership – 29 July 2019
<b>ECM DSID:</b>	2131177 – 20 March 2012 2380775 – 18 June 2012 2380766 – 10 July 2012 2398727 – 30 April 2013 3787238 – 13 December 2016 3923674 – 13 February 2017 4207944 – 21 November 2017 4761711 – 11 December 2018 4822860 – 19 February 2019