

Attachment 10.1

Southern Region Waste Resource Authority Audit Committee

6 pages



Southern Region Waste Resource Authority

Postal address: PO Box 221 Morphett Vale SA 5162

Phone: (08) 8326 7044 Fax: (08) 8326 5963 email: info@srwra.com.au

ABN 37 443 975 085

14 October 2009

Mr Jeff Tate
Chief Executive Officer
City of Onkaparinga
PO Box 1
NOARLUNGA CENTRE SA 5168

Dear Jeff,

Re: Audit Committee

The SRWRA Board at its 7 September 2009 meeting approved the establishment of an Audit Committee and set the terms of reference for the committee. The SRWRA Board approached the independent members of the three Constituent Council's Audit Committees to ascertain if they were interested in being considered for the role of independent member on SRWRA's Audit Committee. The SRWRA Board at its 12 October 2009 meeting considered five expressions of interest and determined that the three independent members will be:

- Mr Bill Cossey (Member of City of Marion's Audit Committee)
- Ms Vicki Brown (Member of City of Holdfast Bay's Audit Committee)
- Mr Allen Bolaffi (Member of City of Onkaparinga's Audit Committee)

The SRWRA Board also determined that the Board member on the Audit Committee will be Mr Mark Booth.

The Local Government Act 1999 (Schedule 2 Section 30) requires approval of the Regional Subsidiary Audit Committee members by the Constituent Councils. Can you please seek Council approval of the four people determined by the SRWRA Board.

I have attached a copy of the SRWRA's Audit Committee terms of reference.

Please do not hesitate to contact me if you require any further information.

Yours sincerely,

Nick Brown
Executive Officer

SOUTHERN REGION WASTE RESOURCE AUTHORITY (SRWRA)

Audit Committee Terms of Reference

7 September 2009

1. Establishment

- 1.1 The Audit Committee is established under Schedule 2 Part 2 Clause 30 of the Local Government Act.

2. Membership

- 2.1 The SRWRA Board will determine the members of the Audit Committee and after the Constituent Councils have approved the members appoint the members for an initial term of two years and thereafter on a rolling basis for a term of either one year or two years.
- 2.2 The Audit Committee shall consist of 4 members, 1 member who is a Board Member of SRWRA and 3 members who are not Board Members of SRWRA ('independent members').
- 2.3 Independent member(s) of the Audit Committee must have recent and relevant financial, risk management or internal audit experience but must not be an employee of SRWRA or its Constituent Councils and must not be the Constituent Council's Auditor or SRWRA's Auditor.
- 2.4 SRWRA shall appoint the Presiding Member who must be a member of the Audit Committee.

3. Secretariat and support

- 3.1 The Executive Officer shall ensure that the Audit Committee has access to reasonable administrative resources in order to carry out its duties (subject to any budget allocation being approved by SRWRA).
- 3.2 The Audit Committee shall 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.
- 3.3 Remuneration will be paid to each independent member of the Audit Committee to be set by SRWRA from time to time. The remuneration paid to the independent members will be reviewed on a 12 month basis on the commencement of a new term.

Meetings

- 4.1 The Audit Committee shall meet at least 4 times each year at least once per quarter at appropriate times in the budgeting and financial reporting cycle and otherwise as required.
- 4.2 Only members of the Committee are entitled to vote in Audit Committee meetings and, unless required by legislation not to vote, each member must vote on every matter that is before the Audit Committee for decision.
- 4.3 The quorum necessary for the transaction of business shall be 3 members one of whom must be the SRWRA Board member. A duly convened meeting of the Audit 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 it.
- 4.4 The Executive Officer, Landfill Manager, Senior Administration/Finance Officer, other representatives from Administration and Board Members may attend any meeting as observers or be responsible for preparing papers for the Audit Committee and all are bound by the confidentiality provisions.
- 4.5 SRWRA's external auditor may be invited to attend meetings of the Audit Committee.

SOUTHERN REGION WASTE RESOURCE AUTHORITY (SRWRA)

Audit Committee Terms of Reference

7 September 2009

- 4.6 Ordinary meetings of the Audit Committee will be held at times and places determined by the Audit Committee.
- 4.7 The Presiding Member or any 3 Audit Committee members may by delivering a written request to the Executive Officer require a special meeting of the Audit Committee to be held. The request will only be valid if it is accompanied by the agenda for the special meeting. On receipt of the request the Executive Officer shall send a notice of the special meeting to all Audit Committee members at least 24 hours prior to the commencement of the special meeting unless, in the opinion of the Executive Officer the matter is urgent whereupon only four hours notice need be given.
- 4.8 Meetings of the Audit Committee will not be conducted in a place open to the public.
- 4.9 All documents presented to, received at or derived from an Audit Committee meeting, including but not limited to:
agenda and minutes of an Audit Committee meeting;
reports to the Audit Committee received at a meeting of the Audit Committee; and
recommendations presented to the Audit Committee in writing and adopted by resolution of the Audit Committee,
will remain confidential and not available for public inspection unless the SRWRA Board otherwise resolves.
- 4.10 Notice of each ordinary meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee and observers, no later than 3 clear days before the date of the meeting. Supporting papers shall be sent to Board Members (and to other attendees as appropriate) at the same time.
- 4.11 The provisions of Part 2 Local Government (Procedures at Meetings) Regulations 2000 apply to the proceedings at and the conduct of all Audit Committee meetings.
- 4.12 Minutes of Audit Committee meetings shall be circulated within 5 days after a meeting to all members of the Audit Committee and to Board Members of the SRWRA and will (as appropriate) be available to the public.
- 5. Review**
- 5.1 The Audit Committee shall, at least once per year following the adoption of the audited financial statements by SRWRA, review its own performance, terms of reference and provide a report to SRWRA including any recommended changes it considers necessary.
- 6. Role of the committee**
- 6.1 The Audit Committee has no authority to act independently of SRWRA. The scope of functions of the Audit Committee are set out at clauses 6.2 – 6.8 inclusive below and subject to the operation of clause 6.9 the Audit Committee will develop an annual audit plan to identify the particular functions it will prioritise for the ensuing 12 month period. The primary role of the Audit Committee is to provide suggestions and recommendations to SRWRA about actions in relation to financial governance.
- 6.2 Financial reporting
- The Audit Committee shall:
- 6.2.1 pursuant to Schedule 2 Part 2 Clause 30 (4) of the Act, review SRWRA's annual financial statements (whether before or after audit) to ensure that they provide a timely and fair

SOUTHERN REGION WASTE RESOURCE AUTHORITY (SRWRA)

Audit Committee Terms of Reference

7 September 2009

view of the state of affairs of the SRWRA;

6.2.2 monitor the integrity of the financial statements of SRWRA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;

6.2.3 review the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of the SRWRA on a regular basis.

6.2.4 liaise with the external auditor.

6.3 Strategic Management Plans

The Audit Committee shall:

review and provide recommendations to SRWRA on the sustainability of SRWRA's financial performance and proposals with respect to debt levels included in the strategic management plans and, in particular, the long-term financial plan.

6.4 Internal controls and risk management systems

The Audit Committee shall:

6.4.1 review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the SRWRA on a regular basis;

6.4.2 review and assess the effectiveness of the SRWRA's internal controls and risk management systems; and

6.4.3 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

6.5 Whistle blowing

The Audit Committee shall:

6.5.1 review the SRWRA's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and

6.5.2 ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

6.6 Internal audit

The Audit Committee shall review and assess the need for SRWRA to establish an internal audit function.

6.7 External audit

The Audit Committee shall:

6.7.1 receive the external auditor's audit opinion with respect to SRWRA's audited financial statements and the external auditor's report on particular matters arising from the audit;

6.7.2 consider and make recommendations to the SRWRA, in relation to the appointment, re-appointment and removal of the SRWRA's external auditor;

SOUTHERN REGION WASTE RESOURCE AUTHORITY (SRWRA)

Audit Committee Terms of Reference

7 September 2009

- 6.7.3 investigate the issues leading to the resignation of an external auditor and report to SRWRA with any recommendations;
 - 6.7.4 oversee SRWRA's relationship with the external auditor including, but not limited to:
 - 6.7.4.1 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;
 - 6.7.4.2 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;
 - 6.7.4.3 assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of SRWRA's relationship with the auditor, including the provision of any non-audit services;
 - 6.7.4.4 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners;
 - 6.7.4.5 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);
 - 6.7.5 meet with the external auditor at least once per year, without management being present, to discuss the external auditor's report and any issues arising from the audit and otherwise as needed and in this regard will discuss:
 - 6.7.4.1 any major issues which arose during the external audit;
 - 6.7.4.2 any accounting and audit judgments; and
 - 6.7.4.3 levels of errors identified during the external audit;
 - 6.7.6 review and make recommendations on the annual audit plan, and in particular, its consistency with the scope of the external audit engagement;
 - 6.7.7 review any representation letter requested by the external auditor before it is signed by Administration; and
 - 6.7.8 review the management letter and Administration's response to the external auditor's findings and recommendations.
- 6.8 Economy and efficiency audits
- The Audit Committee may:
- 6.8.1 propose, and review the exercise of powers in the nature of those set out at Section 130A of the Act (relating to 'economy and efficiency audits'); and
 - 6.8.2 receive a report prepared by the external auditor or other person appointed by SRWRA under Section 130A to examine any matter relating to financial management, or the efficiency and economy with which SRWRA manages or uses its resources to achieve

SOUTHERN REGION WASTE RESOURCE AUTHORITY (SRWRA)

Audit Committee Terms of Reference

7 September 2009

its objectives.

- 6.9 In the course of its functions the Audit Committee will give priority to those items set out at clause 30(4) of Schedule 2 to the Local Government Act 1999 as more particularly identified at clauses 6.2.1, 6.2.3 and 6.2.4 of these Terms of Reference.