

AUDIT, RISK AND IMPROVEMENT COMMITTEE

Terms of Reference

SVC-TofR-006-04

1. Objective

The objective of the Audit Risk and Improvement Committee (Committee) is to provide independent assurance and assistance to the Snowy Valleys Council on risk management, control, governance, and external accountability responsibilities.

2. Authority

The Council authorises the Committee, within the scope of its role and responsibilities, to:

- Obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
- Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations).
- Request the attendance of any employee or Councillor at Committee meetings.
- Request Council authorisation for external legal or other professional advice considered necessary to meet its responsibilities.
- Maintain the integrity and security of confidential documents or information in your possession, or for which you are responsible.

3. Composition and Tenure

The Committee will consist of:

3.1 Members (voting)

- Not less than one (1) no more than two (2) Councillors of Snowy Valleys Council.
- Not fewer than two (2) no more than three (3) Independent external members, one of whom shall be Chairperson.

3.2 Attendee (non-voting)

- Mayor (ex-officio)
- General Manager
- Director Internal Services
- Director Strategy, Community and Development
- Director Assets and Infrastructure
- Divisional Manager Finance and IT
- Divisional Manager People Culture and Governance
- Coordinator Governance and Risk

3.3 Invitees (non-voting) for specific Agenda items

- Representatives of the external & internal auditor
- Other Officers as Directed by the General Manager

4. Term of Appointment

Councillor(s) to be appointed annually at the September Council meeting, to hold office until the commencement of the next September Council meeting, including where a Council election intervenes.

The Committee will achieve its independence by having a majority of independent members external to Council and its operations. In addition, it is highly desirable that all members chosen exhibit an independence of mind in their deliberations and do not act as a representative of a particular area of Council, or with conflicts of interests. Regular rotation of some or all members is also desirable to keep a fresh approach.

Terms of appointment will be for a period of three years on a rotational basis.

External members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Snowy Valley Council. At least one member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

Committee members and the Chair of the Committee should be appointed by the Council and in consultation with the Committee.

In making changes to Committee membership, Council will have regard to the benefits of continuity of committee operations.

5. Responsibilities of members

Members of the committee are expected to:

- Understand the relevant legislative and regulatory requirements appropriate to Snowy Valleys Council.
- Contribute the time needed to study and understand the papers provided.
- Apply good analytical skills, objectivity and good judgement.
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.
- Are expected to extend a declaration of interest in line with the Local Government Act 1993.

6. Termination of Committee Membership

Committee membership can be terminated in accordance with the adopted Committee Terms of Reference which may include the following conditions:

- a. The term of the appointment of the member expires; or
- b. The member resigns in writing to the Chair or the Mayor in the case of the Chair; or
- c. The member is removed by a resolution of Council; or
- d. The member misses two consecutive meetings, without an apology.

7. Conflicts of Interest

Committee members must comply with the provisions of Council's Code of Conduct, and must declare any conflicts of interest at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision is the Chair of the Committee.

8. Committee Roles and Responsibilities

The Committee has no executive powers, except those expressly provided by the Council. In carrying out its responsibilities, the committee must at all times recognise that primary responsibility for management of Council rests with Council and the General Manager as defined in the Local Government Act.

The responsibilities of the Audit, Risk and Improvement Committee may be revised or expanded by the Council from time to time. The Committee's responsibilities are:

8.1 Risk Management

- Review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- Review the impact of the risk management framework on its control environment and insurance arrangements; and
- Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

8.2 Control Framework

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
- Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations; and
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

8.3 External Accountability

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and supported by appropriate management sign-off on the statements and the adequacy of internal controls.
- Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.
- To consider contentious financial reporting matters in conjunction with council's management and external auditors.
- Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements.
- Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.
- Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

8.4 Legislative Compliance

- Determine whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements.

- Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

8.5 Internal Audit

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit.
- Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan, and approve the plan.
- Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan.
- Review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices.
- Monitor the implementation of internal audit recommendations by management.
- Periodically review the Committee Terms of Reference to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- Periodically review the performance of Internal Audit.

8.6 External Audit

- Act to facilitate communication between the Council, General Manager, senior management, internal audit and external audit.
- Provide input and feedback on the financial statement and performance audit coverage proposed by external audit, and provide feedback on the external audit services.
- Review all external plans and reports in respect of planned or completed external audits, and monitor the implementation of audit recommendations by management.
- Consider significant issues raised in relevant external audit reports and better practices guides, and ensure appropriate action is taken.

8.7 Reference from Council and the General Manager

- To consider, investigate and report on any matter referred to the Committee by Council or the General Manager.
- Any Councillor may refer any matter at any time to the Chair, and if thought fit, the matter shall be referred to the Committee to consider, investigate and report. Protected disclosures of any type shall be forwarded in accordance with the relevant legislation.

8.8 Other matters

- The Committee may, at any time, consider any other matter it deems of sufficient importance to do so. In addition, at any time an individual Committee member may request a meeting with the Chair of the Committee.

9. Reporting

At the first Committee meeting after 30 June each year, Internal Audit will provide a performance report of:

- The performance of Internal Audit for the financial year as measured against agreed key performance indicators.
- The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.
- The committee will report regularly, and at least annually, to the governing body of Council on the operations of the Committee and internal audit and the management of risk and internal controls.
- Minutes of the Committee meetings will be supplied to the next Council meeting after approval by the Chairperson.

- The committee may make additional reports to Council from time to time on such matters as it deems fit. The Chairperson shall be entitled to be heard by Council in open or closed meeting upon written request addressed to the Mayor or the General Manager.

10. Administrative arrangements

10.1 Meetings

The Committee will meet at least four times per year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion.

The need for any additional meetings will be decided by the Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Committee Terms of Reference.

All information supplied to the Committee, and the Committee deliberations, will be held in private. All Committee members and attendees are expected to maintain this privacy. The minutes of a meeting forwarded to Council after approval by the Chair are a public document. No Committee private or confidential information may be released to any third party without specific approval of the Chair and Mayor or General Manager.

The Committee shall be entitled to go into closed committee (i.e. excluding some or all management and non-members) as determined by the Chair, including for the purpose of meeting with representatives of the internal auditors and external auditors.

10.2 Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members, including at least one independent member. Meetings can be held in person, by telephone or by video conference.

If for any reason a vote is required at a meeting of the Committee and the votes become deadlocked (considering there is an even number of Committee members), the Chairperson shall have the casting vote.

10.3 Secretariat

The Chairman shall determine the agenda for each meeting and the supporting papers are circulated; Council shall provide secretariat services and ensure the agenda for each meeting and supporting papers are circulated at least one week before the meeting, and ensure minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

10.4 Induction

New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

10.5 Review of Committee Terms of Reference

At least once every two years the Committee will review the Terms of Reference, the Committee will approve any changes to the Terms of Reference.

Council agrees not to approve changes to the Terms of Reference without prior consideration by the Committee.

Council has the ultimate power to make changes to the Terms of Reference of the Committee with or without Committee approval, and hence the existing wording is of no effect.

The suggested wording merely provides a moral obligation on Council to seek the views of the Committee.

Next review required: December 2019.

History tables

Version Control No	Development /Amendment	Approval date	Resolution number	Activity log
IAC	8.7.2016			Consolidation of the former Tumbarumba and Tumut Shire Councils Internal Audit committee charters
AR&IC	31.10.2017			
1		23 November 2017	M221/17	Adopted at the Ordinary Council meeting.
2	8.8.2018	23.8.2018		Endorsed by Audit Risk and Improvement Committee
2		27 September 2018	M267/18	Adopted at the Ordinary Council meeting.
3	7.11.2018		ARI 36	Endorsed by Audit Risk and Improvement committee
3		11 December 2018	M352/18	Adopted at the Ordinary Council Meeting.
4		18 April 2019	M77/19	Adopted at the Ordinary Council meeting
Approved by		Confirmed by Tumbarumba Shire Council:		
4 June 2009				
18 October 2012				
22 January 2013		M13.1		
29 July 2013		M162		
27 August 2015		M209/15		

Title: Internal Audit Committee Terms of Reference	ID No: TofR.17 v1.2 Tumut Shire Council
Document : Terms of Reference	Page: 6 of 6
Council Resolution : 717	Date Adopted: 22 September 2009
Last Amended : Tuesday, 26 February 2013 Res. No. 50	Review Date: July, 2016