



## 1.31 Terms of Reference

# Risk Management & Audit Committee

<b>Council Resolution:</b>	2022/09/20/012
<b>Date to take effect:</b>	21/09/2022
<b>Legislative reference:</b>	<i>Local Government Act 2019. Section 86</i>
<b>Review Date:</b>	1 June 2025

### 1. Purpose

This policy sets out the Terms of Reference for the Risk Management & Audit Committee (the Committee).

### 2. Principles

The Risk Management & Audit Committee is established by Council pursuant to the *Local Government Act 2019* (the Act) *Section 86* and the *Local Government (General) Regulations 2021*. Pursuant to Section 87 of the Act, the key functions of the Risk Management & Audit Committee are:

- (a) To monitor and review the integrity of Council's financial management,
- (b) To monitor and review internal controls; and
- (c) To make recommendations to Council about matters the Committee considers requires Council's consideration and attention as per the Committee's functions as described in (a) and (b) above.

The Committee is subject to the control and direction by the Council.

### 3. Policy Statement

#### 3.1 Membership and Term

The Committee shall consist of four (4) members, two (2) of whom shall be Elected Members and two (2) of whom shall be Community members. Each Committee Member shall have an equal vote.

The Chief Executive Officer and the Manager, Finance Audit & Risk shall be non-voting members of the Committee.

Each Committee Member shall be appointed for a term of four (4) years.

#### 3.2 Chair and Casting Vote

The Chair of the Committee shall be an independent member, drawn from the two (2) Community Members and appointed by Council .

The Chair shall have a casting vote.

### **3.3 Remuneration of Committee Members**

The Independent Chair will receive remuneration for meeting attendance commensurate with the NT Remuneration Tribunal determinations for Class C1 statutory bodies.

Council may consider and resolve by resolution to offer out of pocket expenses to the Independent Chair and Community Members.

### **3.4 Quorum**

A quorum at a meeting of the Committee will consist of a majority of the Committee's members.

A quorum must be present within 30 minutes after the time appointed for a meeting. If a quorum is not present, the meeting will be postponed in accordance with the provisions of the *Local Government Act 2019* and its *Regulations*.

### **3.5 Participation by Electronic Means**

A Member of the Committee who is not physically present at a meeting is taken to be present at a meeting if: the member's attendance at the meeting is by means of an audio or audiovisual conferencing system.

### **3.6 Meetings, Agenda Papers and Minutes of Meetings**

The Committee will meet at least four (4) times per annum and at a day and time determined by the Committee.

Meetings papers will be provided to members at least three (3) working days prior to the meeting.

Guest presenters and/or observers must be coordinated by the Chair, and their names and purpose of attendance must be provided at least five (5) days prior to the meeting for finalising the agenda.

The draft minutes will include a summary of the discussions at each meeting and details of all agreed actions and recommendations.

Apologies for inability to attend the meeting are to be directed to the Chair.

By agreement of the Committee, out-of-session decisions will be recorded in the minutes of the next scheduled meeting.

The Committee will provide regular reports to Council through the Chair.

The Manager Finance Audit & Risk, or their delegate, will coordinate and facilitate the meetings, minutes, plans and correspondence of the Committee.

### **3.7 Recording of Meetings**

Meetings will be recorded for the sole purposes of minute taking using a Council approved audio-recording device. Recordings will be kept until the following meeting once the minutes have been confirmed. Personal recording devices will not be permitted.

### **3.12 Use of Information**

Committee Members and staff are to handle all information in a sensitive manner. Material of a confidential nature shall not be disclosed to outside parties.

Committee Members and staff are expected to be careful and prudent about how they collect and use information. Judgements should balance the interests of the community and its right to information with the potential adverse impacts.

The disclosure of information must not cause significant damage or distress to a person or cause significant damage to the interests of Council or a person or cause unfair commercial or financial advantage.

### **3.13 Conflict of Interest and Disclosure of Interest**

Committee Members and Staff are to ensure that there is no conflict of interest between their personal interests and the impartial fulfilment of their professional duties.

Committee Members must seriously consider if they may be subject to a perceived conflict of interest. This may include a perception within the wider community that the Committee Members or staff member may not be impartial when considering an item.

Committee Members and staff will disclose at the relevant meeting any interests which have the capacity to be in conflict with their public or professional duties.

If a Committee Member declares that they have a real or perceived conflict of interest on a particular item they must leave the room and not participate in the discussion or vote.

### **3.14 Chief Health Office Directions**

All Committee Members must comply with current Chief health Officer Directions and any amendments and updates as these come into force from time to time.

## **4. Key Roles and Functions**

### **4.1 Risk Management and Internal Controls**

- (a) Monitor and review the performance, adequacy and operating effectiveness of the Council's Risk Management Framework that identifies, monitors and manages significant business risks through its governance and internal controls.
- (b) Review and comment on the adequacy of internal controls.
- (c) Monitor and review the performance, adequacy and operating effectiveness of the Council's Fraud and Misconduct Framework and Compliance Framework.
- (d) Annually review the Council's insurance program for adequacy having regard to business and insurable risks associated with the Council's business.

### **4.2 Internal and External Audit**

- (a) Monitor the integrity of the annual financial statements of the Council, reviewing significant financial reporting issues and judgements.
- (b) Monitor the Council's relationship with contracted providers through consideration of annual remuneration, performance, capability, objectivity, and conflicts of interest.
- (c) Consider and make recommendations on the Long Term and Annual Plans of internal and external audit.
- (d) Review all reports from the auditors and the Council's response to these to ensure appropriate.

- (e) Review and monitor the Council's timeliness to addressing the findings and recommendations.
- (f) Allow the opportunity to meet with the auditors to discuss any issues arising from the work carried out.

### 4.3 Review of Annual Report and Shire Plan

- (a) Monitor the integrity of the annual financial statements and annual report of the Council, including the performance against the Council's Annual Shire Plan and other KPI's within the Annual Report, and review significant financial reporting issues, judgements and any reported misstatements which they contain.

<b>DOCUMENT HISTORY</b> <b>1.31 Terms of Reference</b> <b>Risk Management &amp; Audit Committee</b>		
<b>Date Adopted:</b>	12 <sup>th</sup> August 2014	RESOLUTION: 12/08/2014/010 Adoption of Terms of Reference.
<b>Amended:</b>	30 <sup>th</sup> October 2014	RESOLUTION: 18/11/2014/007 Amendment.
<b>Amended:</b>	16 <sup>th</sup> June 2015	RESOLUTION: 16/06/2015/007 Amendment.
<b>Amended:</b>	18 <sup>th</sup> January 2022	RESOLUTION: 2022/01/18/10 Adoption of Amended TOR to expand to RMAC and be compliant with the new Act.
<b>Amended:</b>	20 <sup>th</sup> September 2022	RESOLUTION: 2022/09/20/012 Adoption of amended TOR with changes at Clause 3.3