Roper Gulf Regional Council Audit and Risk Committee Terms of Reference

Roper Gulf Regional Council (Council) has established the Audit and Risk Committee (the Committee) pursuant to the Part 5.3 of the *Local Government Act 2019* (the Act) to monitor and review the integrity of Council's financial management, its internal controls, and to make recommendations to Council in accordance with the outcome of its review(s).

The Committee and does not have any executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent from management.

1. Objectives

The objective of the Committee is to advise Council on, and where delegated, determine upon matters outlined in the roles and responsibilities of the Committee. This includes the provision of independent review and assistance to the Council, Chief Executive Officer (CEO) and executive management on Council's risk, control and compliance framework, and its financial statement pertaining to its financial management responsibilities.

2. Membership

Members of the Committee are appointed by Council. The Committee shall consist of five (5) members:

- one (1) Independent Member (Chair)
- two (2) Independent Members
- two (2) Councillors

Appointments of Council Members shall be for a term of two (2) years. Appointees may be reappointed by the Council for a maximum of six (6) consecutive years.

Independent Members of the Committee shall have senior business or financial management/reporting knowledge and expertise, and be conversant with the financial, risk management and governance issues, and have extensive accounting, auditing or legal skills, and other reporting requirement of Local Government.

Appointments of external Independent Members shall be for a term of four (4) years at the commencement of each Council term. Appointees may serve as an Independent Member for the maximum period of two (2) terms.

All appointments (and rescindments) of memberships to the Committee, including Independent Members are strictly at the discretion of Council and managed (including terms and conditions for the same) by way of the formal resolution Council in accordance with Part 5.3 of the Act.

3. Chairperson

The Council shall appoint any one of the Independent Members as the Chairperson of the Committee for a period of 12 months.

The Chairperson's performance shall be reviewed by the CEO on an annual basis, before the expiry of their term.

The Council shall appoint the Chairperson on a yearly basis via resolution.

The Chairperson of the Committee must be an Independent Member. Elected Members of Council are not eligible to Chair the Committee.

Where the Chairperson is absent or unable to attend and a quorum can be formed, the remaining members of the Committee can elect an independent member to act as Chair for that meeting.

4. Authority

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

- seek any information it requires, subject to their legal obligation to protect information, from any of the General Managers and Managers subject to the prior written authorisation of the Chief Executive Officer and the Mayor;
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any of the General Managers and Managers, including the Chief Executive Officer, at Committee meetings; and
- obtain external legal or other independent professional advice with the agreement of the Chief Executive Officer.

The Committee is directly responsible and accountable to Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that responsibility for the management of Council staff rests with the Chief Executive Officer.

The Committee can perform or instigate investigations on Council's request or through its 'own motion' if it believes on reasonable grounds that a significant legislative or contractual breach has, is, or is about to occur, subject to the ratification of Council.

The Committee or its members must not direct, reprimand, or interfere in the management of Council staff.

5. Roles and Responsibilities

5.1 Financial Reporting

The Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The Committee shall review and challenge where necessary:

(a) the adequacy of processes to ensure integrity of reported financial information and appropriate review and management sign-off, prior to the CEO's and Council's approval of the draft financial statements;
(b) the consistency of, and any changes to, accounting policies both on a year on year basis;
(c) the methods used to account for significant or unusual transactions where different approaches are possible;
(d) whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
(e) the clarity of disclosure in the Council's financial reports and the context in which statements are made;
(f) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement; and
(g) the processes in place to ensure that the financial information included in the Council's annual report is consistent with the signed financial statements.

5.2 Compliance

The Committee shall:

- review the effectiveness of the system for monitoring the Council's compliance with all applicable laws, regulations and associated government policies pertaining to proper standards of financial management which the Council must comply with;
- review the process for building the capacity of Council to manage financial misconduct risk and its management strategies to enhance resistance to financial misconduct whilst improving Council's financial performance and integrity;
- monitor compliance of Program Funding Agreements, Service Level Agreements, Funding Agreements or any other agreements with any funding bodies or agencies to ensure proper standards of financial management;
- keep informed on the findings of any examinations of financial matters by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings;
- obtain regular updates from management on compliance matters pertaining to financial management and Accounting Standards.

5.3 Internal Control and Risk Management

The Committee may address issues pertaining to the approach, strategies, and activities undertaken by Council to address business, corporate, and financial risk, governance responsibilities and legislative compliance as assigned to it by the CEO or Council.

The Committee may also review issues of a strategic nature as required by the Chief Executive Officer or Council**.**

5.4 Internal Audit

Review the adequacy of the Council's internal audit function for ensuring compliance with the *Local Government Act 2019*, its statutory instruments, the Australian Accounting Standards, and the proper standards of financial management.

The Committee provide advice on the adequacy of internal audit resources relevant to the Council's identified financial risks and management strategies.

The Committee may initiate internal audits or investigations via resolution if it believes on reasonable grounds that it is necessary or in the interests of Council to do so.

5.5 Unaudited Financial Statements and Audit Planning

The Committee shall review Council's unaudited financial statements at the end of the financial year; set the audit agenda and Committee's work plan, including meeting dates, for the coming financial year.

5.6 External Audit

The Committee shall assist Council meet its financial management, Accounting Standards, and regulatory obligations by meeting with the External Auditors as required, and discussing findings, review the draft audited financial statements and provide necessary feedback to Council.

The Committee shall also review the effectiveness of the external audit and monitor the implementations of any recommendations authorised by Council or the Chief Executive Officer.

The Committee shall review the Report to the Chief Executive Officer and management's response to the external auditor's findings and recommendations.

5.7 Provision of Information

The CEO will advise the committee members in the event of following:

- loss of significant programs
- material theft
- adverse financial event

5.8 Administrative Review

The Committee shall have an administrative review function if required, so as to review a Council decision which is designated as reviewable by the *Local Government Act 2019*. Administrative review matters shall be assigned to the Committee as required by the Chief Executive Officer or Council.

6. Meetings

Meetings of the Committee are subject to the strict direction of Council.

A meeting of the Committee can be called at the request of any two (2) members of the Committee or by the Chair.

Independent Members are required to submit proposed agenda items or formal commentary on the same by no later than ten (10) business days prior to the scheduled Committee meetings. Late items are not authorised save for exigent circumstances, with the prior, written, authorisation of the Chief Executive Officer.

The Committee Meetings shall be considered confidential in accordance with Section 99 (4) of the *Local Government Act 2019* and other applicable law.

The Committee will hold meetings at least four (4) times in a year. The internal or external auditors may request a meeting if they consider that one is necessary.

Meetings can be held in person, by telephone, or by video conference.

Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

The Chief Executive Officer, General Managers and Finance Manager shall be invited to attend each meeting, unless specifically requested not to do so by the chairperson of the Committee, with the prior, written authorisation of the Mayor.

7. Quorum

A quorum for the Committee is three (3) members and must include a Chair.

8. Proxies

In order to ensure continuity and a useful level of knowledge and experience, Committee members are not permitted to send proxies to the meeting.

9. Administrative Support

The Chief Executive Officer will appoint a Secretary to provide administrative support to the Committee.

10. Reporting

Following each meeting of the Committee, the meeting minutes will be presented to the Council providing information on the meeting and its outcomes and recommendations.

Committee minutes may be designated confidential.

The Chairperson of the Committee shall prepare and provide an annual report on its operations to the Council.

11. Conflict of Interest

In accordance with Part 7.4 of the *Local Government Act 2019,* Committee members will be required to disclose conflicts of interest at the commencement of each meeting.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, they will be excused from Committee discussions on the issue where a conflict of interest exists.

12. Meeting Sitting Fee

Independent Members of the Committee will be remunerated at a rate of $900 per meeting by agreement with the CEO. This payment rate covers preparation for the meeting and meeting attendance.

The Council will be responsible for expenses, within reason, relating to flights, accommodation, meals, and hire vehicles when the Independent Members travel to attend Committee meetings in person.

These travel arrangements can be either made in person and reimbursed (subject to the prior approval of the Chief Executive Officer) or arranged by Council on behalf of the Independent Member.

Travel expenses for Independent Members is *strictly* capped at $6000 per financial year, per Independent Member unless otherwise (explicitly) authorised by Council by way of formal resolution.

On attendance, each Councillor who is a Committee Member will be paid extra meeting allowance for that meeting.

13. Committee Performance and Review

The Committee will review its performance on an annual basis and report to Council.

The review may be conducted as a self-assessment, and will be coordinated by the Chairperson. The assessment may also seek input from other parties.

The review will also include a review of the Terms of Reference for Committee. Any proposed amendment arising out of a review of the Terms of Reference must be put to Council, accompanied by an Explanatory Memorandum (to be compiled by the Chair) pertaining to the intent of the amendment. Any amendment to the Terms of Reference is strictly at the discretion of Council, and requires its formal resolution.

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

14. Legislation referenced in the Terms of Reference

Local Government Act 2019
Local Government (General) Regulations 2021
Information Act 2002

15. Document Review

Dates of amendments made by Council resolution:

28 January 2015 OCM	Council endorsed the document
24 June 2015 OCM	Council approved the amendment to the document
14 September 2017 OCM	Council approved the amendment to the document
18 April 2018 OCM	Council approved the amendment to the document
11 December 2020 OMC	Council approved the amendment to the document
28 April 2022 OMC	Council approved the amendment to the document
13 December 2023 OMC	Council approved the amendment to the document
16 April 2025 OMC	Council approved the amendment to the document

26 August 2026 OMC	Council approved the amendment to the document