

Name:	Risk Management and Audit Committee Terms of Reference		
Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Director of Organisational Services		
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### 1 PURPOSE

This Policy sets out the Terms of Reference for the Risk Management and Audit Committee.

### 2 PRINCIPLES

The Committee is established by Council, pursuant to the Northern Territory Local Government Act (the Act) and the Local Government (Accounting) Regulations with the key functions of:

- a. To monitor and review the integrity of the council's financial management;
- b. To monitor and review internal controls;
- c. To make recommendations to the council about any matters to committee considers require the council's consideration as a result of the committee's functions under paragraph (a) or (b).

### 3 DEFINITIONS

For the purposes of this Policy, the following definitions apply:

Term	Definition
Committee	This term refers to the Risk Management and Audit Committee
The Act	This term refers to the most recent Local Government Act of the Northern Territory
Regulations	This term refers to the most recent Local Government Regulations in the Northern Territory

### 4 POLICY STATEMENT

#### 4.1 Key Roles

The key functions outlined in the principles above, are executed through undertaking the following roles:

##### 4.1.1 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.

### 4.1.2 *Internal and External Audit*

- (a) Monitor the Council's relationship with the contracted providers through consideration of: annual remuneration, performance, capability, objectivity, and conflicts of interest.
- (b) Consider and make recommendations on the:
  - Three Year and Annual Plans of internal audit
  - Annual Plan of external audit.
- (c) Review all reports from the auditors and the Council's response to these to ensure appropriate.
- (d) Review and monitor the Council's timeliness to addressing the findings and recommendations.
- (e) Allow the opportunity to meet with the auditors, without management being present, to discuss any issues arising from the work carried out.
- (f) Allow auditors, the right of direct access to the Principal Member of the Council and to the Chairperson of the Committee.

### 4.1.3 *Review of Annual Report*

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

## 4.2 **Advisory Committee**

The Committee is Advisory by nature and can only recommend matters, falling within its function and role, to the Council.

## 4.3 **Membership**

### 4.3.1 *Size and composition*

- (a) The Committee shall consist of a minimum of four members, comprising Elected Members of Council and a minimum of two independent members.
- (b) Independent members of the Committee shall collectively have recent and relevant experience in the Local Government Regulatory Framework, finance and risk management.

### 4.3.2 *Appointment, Terms & Termination*

- (a) All Members of the Committee are appointed by the Council.
- (b) The Chairperson of the Committee must be an independent member who will be appointed by the Council.
- (c) Appointment to the Committee from among the Elected Members of Council shall be for a period of up to one year, or until the end of the term of the Council. Committee members cease being a member of the Committee if they are no longer an Elected Member of the Council.
- (d) Independent members of the Committee shall be appointed for a period of up to four years, commencing part-way through an election cycle, so that their terms overlap each Council election and provide some continuity. Appointees may be reappointed by Council. Independent members can be terminated by the Council subject to the appointment agreement.
- (e) Members of the Committee are not permitted to appoint a proxy for any meeting.

### 4.3.3 Remuneration

- (a) Members of the Committee who are Elected Members of the Council or independent members, will be remunerated in accordance with the Act.

## 4.4 Meetings

### 4.4.1 Notices

- (a) Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, and associated papers, shall be forwarded to each member of the Committee and observers, no later than three business days before the date of the meeting.
- (b) Notices shall comply with the requirements outlined in the Act.

### 4.4.2 Regularity

- (a) The Committee shall meet a minimum of four times per year at appropriate times in the reporting and audit cycle.

### 4.4.3 Quorum

- (a) The quorum for the transaction of business shall be one independent member and two Committee members that are Elected Members of Council.

### 4.4.4 Voting

- (a) Only members of the Committee are entitled to vote in the Committee meetings. All Committee members have equal voting rights. Unless otherwise required (by the conflict of interest provision in the Act) and each member must vote on every matter that is before the Committee for decision.
- (b) A decision is to be by majority vote of the members present at each meeting.
- (c) Where a vote is taken and the result is undecided, the chairperson has the casting vote.

### 4.4.5 Minutes

- (a) The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of all Regulations.
- (b) Accuracy of minutes will be confirmed as part of the next Committee meeting.
- (c) Minutes shall be made available to the public in accordance with the Act.

### 4.4.6 Attendance

- (a) Other individuals such as the Chief Executive Officer, Council staff, External Auditor, Internal Auditor will attend meetings, as relevant, as observers and/or be responsible for preparing and/or presenting papers for the Committee.
- (b) A meeting may be conducted in private.

## 4.5 Conduct

### 4.5.1 Conflicts of Interest and Confidentiality

- (a) Members are required to comply with the Act and relevant Policies.
- (b) Committee members must declare any real or perceived conflicts of interest when joining the Committee, annually and at the start of each meeting before discussion

of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

- (c) Where a Committee member declares a real or perceived conflict of interest, the person is excused from Committee deliberations on the agenda item where a conflict of interest exists.

#### 4.5.2 Code of Conduct

- (a) All Committee Members are required to comply with the Code of Conduct.

### 4.6 Performance

#### 4.6.1 Performance Review

- (a) The Chairperson will initiate an assessment (self-assessment, internal or external) of the Committee's performance annually and report to Council.

## 5 ASSOCIATED DOCUMENTS

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- 5.1 City of Palmerston Policies

## 6 REFERENCES AND RELATED LEGISLATION

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- 6.1 *Northern Territory Local Government Act*
- 6.2 *Northern Territory Local Government (Administration) Regulations*
- 6.3 *Northern Territory Local Government (Accounting) Regulations*
- 6.4 *Australian Accounting Standards*
- 6.5 *Ministerial Guidelines*
- 6.6 *Local Government General Instructions*