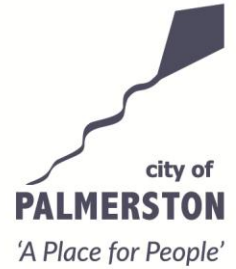


RISK MANAGEMENT AND AUDIT COMMITTEE TERMS OF REFERENCE



COUNCIL POLICY

PURPOSE

The purpose of this policy is to set out the Terms of Reference for the Risk Management and Audit Committee.

PRINCIPLES

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

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

DEFINITIONS

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

TERM	DEFINITION
Committee	This term refers to the Risk Management and Audit Committee.
Elected Member	Means a person who has been elected to serve as a Councillor on the Council.
Independent Member	Means a member who is not a member of the Council or an employee of City of Palmerston.
Member	Means a person who is on the Risk Management and Audit Committee.
Principal Member	This term refers to the Mayor of City of Palmerston.

TERM	DEFINITION
Integrity	This term refers to the financial and performance management of City of Palmerston, that it is open, transparent and accountable.
The Act	This terms refers to the most recent Local Government Act of the Northern Territory.
Regulations	This terms refers to the most recent Local Government Regulations of the Northern Territory.

POLICY STATEMENT

1. Key Roles

1.1. Risk management and internal controls:

- a) Monitor and review the performance, adequacy and operating effectiveness of the City of Palmerston's Risk Management Framework, and other relevant risk management policies, 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 City of Palmerston's Fraud and Misconduct Framework and Compliance Framework.
- d) Annually review City of Palmerston's insurance program for adequacy having regard to business and insurable risks associated with City of Palmerston's business.

1.2. Internal and external audit

- a) Monitor City of Palmerston'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 reports received from auditor's and City of Palmerston's response to ensure the response is appropriate.
- d) Review and monitor Council's timely response when 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 reports and responses.
- f) Allow auditors, the right of direct access to the Principal Member of the Council and to the Chairperson of the Committee.

1.3. Review of Annual Report:

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

2. Advisory Committee

- 2.1. The Committee is Advisory by nature and can only make recommendations on matters related to its functions, to the Council.

3. Membership

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) It is encouraged that the composition of Committee membership represents people from diverse backgrounds and support inclusivity and accessibility and to remove any barriers to attendance.

3.2. Appointment, terms & termination

- a) All Members of the Committee are appointed by the Council via resolution.
- 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) Elected Members of the Committee may appoint another Elected Member as proxy to attend and vote at meetings of the Committee on their behalf, provided that written notice of the proxy's appointment has been given to the Chairperson of the Committee prior to the meeting.
- f) Independent Members of the Committee are not permitted to appoint a proxy for any meeting.

3.3. Remuneration

Committee Members who are Elected Members of the Council or Independent Members, will be remunerated in accordance with the Act.

4. Meetings

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.

4.2. Regularity

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



4.3 Quorum

- a) The quorum will consist of a majority of members holding office at the time of the meeting and must include a minimum of one independent member and two Elected Members.

4.4 Voting

- a) Only Committee Members 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 must be made by majority vote of the Committee Members present at each meeting.
- c) Where a vote is taken and the result is undecided, the Chairperson has the casting vote. The Chairperson's casting vote is in accordance with Council's Casting Vote policy.

4.5. Minutes

- a) The Chief Executive Officer (CEO) shall ensure that the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance are recorded and that the minutes otherwise comply with the requirements of the 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.

4.6. Attendance

- a) Other individuals such as the CEO, Council staff, external auditor and 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.

5. Conduct

5.1. Conflicts of Interest and Confidentiality

- a) Members are required to comply with the Act and any relevant Council 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 recorded.
- 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.

5.2.1 Code of Conduct

- a) All Committee Members are required to comply with the Code of Conduct as prescribed by the Act.

6. Performance

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.

REFERENCES AND RELATED LEGISLATION

- Local Government Act 2019
- Local Government Regulations 2021

POLICY DETAILS

OWNER	CEO	RESPONSIBLE OFFICER	General Manager Finance and Governance
APPROVAL DATE	2 July 2024	NEXT REVIEW DUE	2 July 2026
RECORDS NUMBER	634982	COUNCIL DECISION	10/1419