

Terms of Reference

Audit Committee

1 Objectives of Committee

The Audit Committee is a formally appointed committee of Council and is responsible to that body. It has been established to assist Council with:

- (a) The effective conduct of its responsibilities for financial reporting, management of risk and maintaining a reliable system of controls.
- (b) The co-ordination of relevant activities of management, compliance, internal audit, external audit and to facilitate achieving overall organisational objectives in an efficient and effective manner.
- (c) The facilitation of:
 - The enhancement of the credibility and objectivity of internal and external financial reporting;
 - Effective management of financial and other risks and the protection of Council assets;
 - Compliance with laws and regulations as well as use of best practice guidelines;
 - The provision of an effective means of communication between the external auditor, internal audit, management and the Council;
 - The allocation of the EMRC's finances and resources.

2 Responsibilities

The duties of the Audit Committee include the following:

- 2.1 To review the scope of the internal audit plan and programme and the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses:
 - (a) Internal controls over revenue, expenditure, assets and liability processes
 - (b) The efficiency, effectiveness and economy of significant EMRC programmes; and
 - (c) Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- 2.2 Critically analyse and follow up any internal or external audit report that raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues, and any other matters relevant under the Committee's terms of reference. Review management's response to, and actions taken as a result of the issues raised.
- 2.3 Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems.
- 2.4 Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.

- 2.5 Review Council's draft annual financial report, focusing on:
 - (a) Accounting policies and practices;
 - (b) Changes to accounting policies and practices;
 - (c) The process used in making significant accounting estimates;
 - (d) Significant adjustments to the financial report (if any) arising from the audit process;
 - (e) Compliance with accounting standards and other reporting requirements; and
 - (f) Significant variances from prior years.
- 2.6 Recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.
- 2.7 Discuss with the external auditor the scope of the audit and the planning of the audit.
- 2.8 Discuss with the external auditor issues arising from the audit, including any management letter issued by the auditor and the resolution of such matters. Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the internal auditor and the Council if appropriate.
- 2.9 Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's Terms of Reference.

3 Membership

- 3.1 **The Audit Committee will** comprise of:
 - (a) One Councillor from each member Council;
 - (b) One Deputy Councillor from each member Council; and
 - (c) One Second Deputy Councillor from each member Council.
- 3.2 Members, Deputies and Second Deputies will be appointed for a period of two years following each ordinary Council election.
- 3.3 The Chief Executive Officer and the Chief Financial Officer will attend all meetings except when the Committee chooses to meet in camera.
- 3.4 An Internal Auditor (whether a member of staff or contractor) will attend meetings where internal audit reports are being considered by the committee

4 Meetings

- 4.1 The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:
 - (a) Approval of strategic and annual plans;
 - (b) The Compliance Audit Return;
 - (c) Approval of the annual budget; and
 - (d) The auditor's report on the annual financial report.
- 4.2 Additional meetings will be convened at the discretion of the Chairperson.

5 Operating Procedures

- 5.1 All meetings of the Audit Committee are to be conducted in accordance with the *Local Government Act 1995*, associated Regulations and the current EMRC Standing Orders Local Law.
- 5.2 A quorum for a meeting of the Committee shall be at least three of the number of offices (whether vacant or not) of members of the Committee.
- 5.3 Voting
 - (a) All decisions of the Committee shall be made on the basis of a simple majority decision of the members present or, if another kind of majority has been prescribed by regulations for the particular kind of decision, by that kind of majority;
 - (b) If the decision results in a tied vote, the person presiding is to cast a second vote;
 - (c) Persons other than Committee members are not entitled to cast a vote; and
 - (d) All other aspects related to voting procedure shall be consistent with relevant sections of the current EMRC Standing Orders Local Law.
- 5.4 Other EMRC staff or member Council staff may attend meetings, at the discretion of the Chief Executive Officer and/or the Committee Chairperson, to provide advice and information when required.
- 5.5 Representatives of the External Auditor will be invited to attend meetings at the discretion of the Committee but MUST attend meetings considering the draft annual financial report and results of the external audit.

6 Reporting

- 6.1 The Committee shall after every meeting forward the minutes of that meeting to the next Ordinary Meeting of Council, including a report explaining any specific recommendations and key outcomes.

7 Delegated Power

- 7.1 The Committee does not have authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility.

Related Documents

Policy 1.2 Meetings

Policy 2.1 Committees of Council

Policy 3.1 Annual Financial Reporting

Policy 7.1 Risk Management Policy

EMRC Standing Orders Local Law

EMRC Code of Conduct for Council Members, Committee Members and Candidates



Administration

Adopted/Reviewed by Council

23 September 2010

18 September 2014

06 December 2018

25 November 2021

Next Review

Following the Ordinary Elections in 2023

Responsible Team

Business Support Team