Wudinna District Council	Terms of Reference **Audit and Risk Committee**	**Version No:**	6.3
		Issued:	March 2011
		Last Review	September 2026
		Next Review	December 2027

GDS40 Responsibility:	Strategic Management
Minutes Reference:	11.1.2 – October 20 2026
Next Review:	December 2027
Applicable Legislation:	Section 41 and 126 (Local Government Act 1999)
Related Documents:	Local Government Act 1999 *(LG Act)* Local Government (Financial Management) Regulations 2011 Local Government (Procedures at Meetings) Regulations 2013 Public Interest Disclosure Act 2018 Public Interest Disclosure Regulations 2019 Code of Practice – Meeting Procedures Committees and Subsidiaries Policy

Note: This Terms of Reference has been reviewed to incorporate the amendment of the Local Government Act 1999 arising from the Statutes Amendment (Local Government Review Act 2021. The amendments are effective as at 30 November 2023

1.0 Foreword

The overall function of the Committee is to provide an independent check on key Council activities and reports from the Committee to support Elected Members of the Council in meeting their responsibility to use Community resources for the overall benefit of the Community, that is, to keep the Council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery, under review [Sec 59 (1) (a) (vii) of the LG Act].

2.0 Relationship of Committee to Council

The Wudinna District Council Audit and Risk Committee is a Committee of the Wudinna District Council established pursuant to the provisions of Sections 41 and 126 of the Local Government Act 1999 as amended ("LG Act") to oversee and advise the Council on matters of accountability and internal control.

Council and/or the Committee may review the Terms of Reference at any time, but at least two yearly. Revision recommendations are to be presented to Council for consideration. Council will determine the final terms of reference.

3.0 Functions of the Committee

The functions of the Audit and Risk Committee include—

(a) reviewing annual financial statements to ensure that they present fairly the state of affairs of the Council; and

(b) proposing, and providing information relevant to, a review of the Council's strategic management plans or Annual Business Plan; and

(c) monitoring the responsiveness of the Council to recommendations for improvement based on previous audits and risk assessments, including those raised by a Council's auditor; and

(d) proposing and reviewing the exercise of powers under section 130A *(LG Act)*; and

(e) liaising with the Council's auditor in accordance with any requirements prescribed by the regulations; and

(f) reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Council on a regular basis; and

(g) —

(i) if the council has an internal audit function—

(A) providing oversight of planning and scoping of the internal audit work plan; and

(B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or

(ii) if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the Chief Executive Officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and

(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and

(i) reviewing any report obtained by the Council under section 48(1) *(LG Act)*; and

(j) Make recommendations to the Council on the appointment of the Auditor pursuant to section 128 of the Local Government Act.

(k) performing any other function determined by the Council or prescribed by the regulations.

4.0 Delegated Authorities

Pursuant to section 44 of the Local Government Act 1999, the Audit and Risk Committee has not been delegated any of the Council's powers, functions or duties. Accordingly, any decision made by the Committee is in the nature of a recommendation to the Council and does not constitute a decision of the Council.

5.0 Responsibilities of the Committee

5.1 Financial Reporting

a) The Committee shall monitor the integrity of the financial statements of Council, including its Annual Report, reviewing significant financial reporting issues and judgements which they contain;

b) The Committee shall review and challenge where necessary;

i) the consistency of, and/or changes to, accounting policies;

ii) the methods used to account for significant or unusual transactions where different approaches are possible;

iii) whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

iv) the clarity of disclosure in the Council's financial reports and the context in which statements are made; and

v) all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

c) Provide advice to Council relevant to budget reviews undertaken in accordance with the Local Government Act and Regulation 9 of the Local Government (Financial Management) Regulations 2026, including in relation to any revisions to the forecast Key Financial Indicators.

5.2 Internal Controls and Risk Management Systems

The Committee shall:

a) keep under review the effectiveness of the Council's internal controls and risk management systems; and

b) review and recommend the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls and risk management. [Note that it is important that the Audit and Risk Committee understand the business of the Council to appreciate the risks it manages on a daily basis, and to ensure that there are appropriate management plans to manage and mitigate this business risk. This will include insurance matters, financial reporting, legal and regulatory compliance, business continuity, and statutory compliance. This can be facilitated by discussions with the internal and external auditors and by presentations by management on how business risks are identified and managed.]

c) Monitor responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor.

5.3 Public Interest Disclosure

Members of the Committee shall follow the Disclosure Process as detailed in Council's Public Interest Disclosure Policy and Procedure and in accordance with the Public Interest Disclosure Act 2018 when making any appropriate disclosure of public interest information.

5.4 External Audit

The Committee shall:

a. develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter;

b. consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;

c. oversee Council's relationship with the external auditor including, but not limited to:

   i) recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

   ii) recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;

   iii) assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;

   iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);

   v) monitoring the movement of another firm upon the expiry of the term of an auditor; and

   vi) assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures).

d. meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present, to discuss the external auditor's report and any issues arising from the audit;

e. review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;

f. review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;

i) *a discussion of any major issues which arose during the external audit*;
ii) *any accounting and audit judgements*; and
iii) *levels of errors identified during the external audit*. *The Committee shall also review the effectiveness of the external audit.*

g. review any representation letter(s) requested by the external auditor before they are signed by management; [Note that these representation letters are a standard practice of any audit and provide the auditor confirmation from management, (in particular the Chief Financial Officer) that, amongst other matters, accounting standards have been consistently applied, that all matters that need to be disclosed have been so disclosed and that the valuation of assets has been consistently applied];
h. review the management letter and management's response to the external auditor's findings and recommendations.

6.0 Membership of the Committee and Voting Powers

As prescribed by Section 126 (2) of the LG Act, the following provisions apply to the membership of the Council Audit and Risk Committee:

(a) the majority of the members of the committee must be persons who are not members of any council;

(b) members of the committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter;

(c) membership of the Committee—

(i) may not include an employee of the Council (although an employee may attend a meeting of the committee if appropriate); and

(ii) may include, or be comprised of, members of another Council Audit and Risk Committee or a Regional Audit and Risk Committee; and

(iii) must otherwise be determined in accordance with the requirements of the regulations.

As prescribed by Section 17 (1) of Local Government (Financial Management) Regulations 2011, the audit and risk committee of council—

(a) must have between 3 and 5 members (inclusive); and

(b) must not include, as a member, the council's auditor under section 128 of the Act.

a. Members of the Committee are appointed by Council. The Committee shall consist of three independent members and two members from the Elected Members of Council:
b. Independent member(s) of the Committee shall have recent and relevant financial and risk management experience. The Principal Member of Council shall be a member of the Committee. *[Note that a person would not be considered independent if he or she was an Elected Member of that Council. Subject to any codes of conduct adopted by Council, this does not preclude an Elected Member or an employee of a Council from being a member of an audit committee of another Council.]*
c. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the LG Act not to vote, each member must vote on every matter that is before the Committee for decision. However, other individuals such as the Chief Executive Officer, Finance Manager and if applicable, other representatives from the finance function, may attend any meeting as observers or be responsible for preparing papers for the Committee. In accordance with the principles of open, transparent and informed decision and minutes of the Committee meetings must be conducted in a

place open to the public. The agenda and minutes of the Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Local Government Act 1999 and subsequently retained as confidential under Section 91 of the LG Act, are also required to be made available to the public.

d. Council's external auditors may be invited to attend meetings of the Committee.

e. Appointments to the Committee shall be for a period of four years, or until the end of the term of the Council. Appointees may be reappointed by Council.

f. The Committee shall appoint the Presiding Member (Chairperson) of the Committee at the first meeting following Council elections. *[Note that the Elected Membership of the Council may not be the Presiding Member of the Committee].*

7.0 Committee Operational Procedure

7.1 Secretarial Resources

The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

7.2 Frequency of Meetings

The Committee shall meet *four times per year* and otherwise as required. Each of the mandatory meetings must be held in the relevant quarter (i.e. ending 30 September, 31 December, 31 March and 30 June in a calendar year).

7.3 Notice of Meeting

Ordinary meetings of the Committee will be held at times and places determined by Council or, subject to a decision of Council, the Committee. A special meeting of the Committee may be called in accordance with the Local Government Act 1999.

Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and observers, no later than three (3) clear days before the date of the meeting. Supporting papers shall be sent to Committee members (and to other attendees as appropriate) at the same time.

7.4 Quorum

The quorum necessary for the transaction of business shall be three (3). A duly convened meeting of the Committee, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

7.5 Minutes of Meetings

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 the Local Government (Procedure at Meetings) Regulations 2013.

Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and to all members of the Council and will (as appropriate) be available to the public.

7.6 Reporting Responsibilities

The Committee shall make whatever recommendations to Council it deems appropriate on any area within its terms of reference where in its view actions or improvements are needed. The Committee must—

(a) provide a report to the Council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting; and

(b) provide an annual report to the council on the work of the committee during the period to which the report relates.

Council must ensure that the annual report of its Audit and Risk Committee is included in its Annual Report.

7.7 Electronic Attendance at Meetings

Audit and Risk Committee meetings are able to be held using electronic means, subject to the requirements of Section 90 (7a) of the LG Act, which requires early practical publishing of the meeting outcome(s).

Holding an electronic meeting and/or member attendance electronically is to be by prior agreement and arrangement with the Committee Presiding Member and the Chief Executive Officer.

Reference is made to Council Code of Practice – Meeting Procedures re: electronic meetings guidelines

Where:

(a) Committee members may participate in a Committee meeting by electronic means
(b) A member of the Committee participating in a committee meeting by electronic means is taken to be present at the committee meeting provided that the member:
    a. Can hear all other members present at the committee meeting; and
    b. Can be heard by all other members present at the committee meeting.

Form of participation by electronic means:

(a) A Committee member is to participate in a Committee meeting by electronic means; and
(b) The electronic means has the functionality to allow the member to participate in the Committee meeting by being both seen and heard; and
(c) The electronic means of the Council has the functionality to allow the Committee member to both be seen and heard; the member must participate by being both seen and heard.

8.0 Other Matters

The Committee shall:

8.1 Have access to reasonable resources in order to carry out its duties; [Note that this is subject to any budget allocation being approved by Council];
8.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
8.3 Give due consideration to laws and regulations of the Local Government Act, 1999;
8.4 Make recommendations on co-ordination of the internal and external auditors;
8.5 Oversee any investigation of activities which are within its terms of reference;
8.6 Oversee action to follow up on matters raised by the external auditors; and
8.7 At least once a year, review its own performance, constitution and any other area to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

9.0 Conflict of Interest and Confidentiality

In the event of a conflict of interest arising for any member of the committee, the member will disclose the interest and clearly state the nature of the interest at the meeting before the matter is considered. The Conflict of Interest shall be dealt with in terms of the Local Government Act 1999 (S 73,74 75,75A to 75D)

10.0 Media

The Mayor is the official spokesperson for media releases where the matter is of a political, controversial or sensitive nature. Committee members are not to represent the Committee to the media without prior approval of the Mayor.

Council will undertake media report release and advertising in terms of its standing policies