

# Audit and Risk Committee Terms of Reference

Friday, 1 September 2023

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**

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Public

**Approving Officer:**

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## EXECUTIVE SUMMARY

Clause 14.4 of the Audit and Risk Committee (the Committee) Terms of Reference states that the Committee will review its Terms of Reference at least once a year.

The Committee undertook a self-assessment review, and at their meeting on 28 October 2022 discussed some changes to be considered in the Committee Terms of Reference.

Revised Terms of Reference were presented to the 3 February 2023 Committee meeting. The Committee discussed areas of additional clauses and requested that Terms of Reference be brought back to the Committee for further consideration and approval.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Endorses the revised Terms of Reference as Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 1 September 2023 for adoption by Council.
  2. Authorises the CEO to make any necessary typographical or syntactical revisions to the Terms of Reference for the Audit and Risk Committee.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate, and facilitator by maintaining a transparent decision-making process.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Not as a result of this report
23/24 Budget Allocation	Not as a result of this report
Proposed 24/25 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

# DISCUSSION

1. The Terms of Reference assist the Audit and Risk Committee, Council, and its community in understanding the Committee's role and responsibilities.
2. The current terms of reference are available of Council's website [Link One](#)
3. The annual review of the Audit and Risk Committee Terms of Reference was presented to the Committee at its meeting on 3 February 2023. At that meeting, the Committee discussed areas where additional clauses should be included and requested that the Terms of Reference be brought back to the Committee.
4. There was no other specific feedback to changes to the Terms of Reference, however, the Audit and Risk Committee noted their desire for an opportunity to focus more on matters of strategic risk.
5. It is noted that reforms pursuant to the *Statutes Amendment (Local Government Review) Act 2021* related to the functions of the Audit and Risk Committee will come into effect in November 2023. These Terms of Reference have been reviewed for consistency with those changes.
6. The recommended material changes to the Audit and Risk Committee Terms of Reference include:
  - 6.1. Structure of the Terms of Reference to align with other Council Committee Terms of Reference.
  - 6.2. Inclusion of a new Part Two which sets out the functions of the Audit and Risk Committee as prescribed in section 126(4) of the Local Government Act 1999 (SA) (the Act), (and the removal of duplication).
  - 6.3. Part Three - *Role* structured to better align with the order of the functions (as listed in Part Two – *Functions* which reflect the functions outlined in the Act ).
  - 6.4. Highlighting member integrity provisions defined by Chapter 5, Part 4 of the Act, including the requirement for Audit and Risk Committee Members to declare conflicts as well as provide a Register of Interests.
  - 6.5. Minor typographical amendments.

<b>Current Terms of Reference</b>	<b>Proposed</b>
1. Establishment and purpose	<p>Replaced with Preamble and Functions of the Committee (Part 1 and 2). This is consistent with the Term of References for other Council Committees</p> <p>Part Two sets out the functions of the Audit and Risk Committee as prescribed in section 126(4) of the Local Government Act 1999 (SA) (the Act), (and removes duplication).</p> <p>An addition at 2.2 provides clarity that the Audit and Risk Committee acts as the Audit Committee for AEDA and ACMA (consistent with those organisations' charters).</p>
2. Membership	<p>Can be found in Part 6</p> <p>Changes to membership have been made to reduce the membership of the Audit and Risk Committee from six to five members to comply with the requirements of the <i>Local Government Financial Management) Regulations 2011</i>.</p> <p>The Lord Mayor is considered an ex-officio member to the Committee, and:</p> <ul style="list-style-type: none"> <li>• Is not included in the membership number</li> <li>• Has no voting rights</li> <li>• Receives all agendas and minutes.</li> <li>• Is able to participate in discussion.</li> <li>• Must comply with 10.1 of the Terms of Reference</li> </ul> <p>This section also includes information about sitting fees.</p>
3. Financial Reporting	<p>Can be found at 3.1</p> <p>Addition at 3.1.2 - "Receive regular financial updates for the business, including all Council subsidiaries".</p>

<b>Current Terms of Reference</b>	<b>Proposed</b>
4. Internal Control and Risk Management Systems	Can be found at 3.5 The oversight of the Council's Risk Function has been strengthened. The section has been rewritten to reflect legislative changes to the Local Government Act (effective from November 2023).
5. Management Plans and Business Plans	Can be found at 3.2 The section has been expanded to reflect legislative changes and Audit and Risk Committee feedback.
6. Internal Audit	Can be found 3.4 No changes.
7. External Audit	3.3 No changes.
8. Other functions	Removal of requirement to include an internal control and risks statement in the Annual Report (reflects a recent legislative change)
9. Presiding Member	Part 7 Addition of a section that clarifies the role of the Chair.
10. Sitting Fees	Included under Membership (Part 6)
11. Meetings	Included in Part 8
12. Notice and documents	Deletion of the meeting procedures sections, as these are largely repeating the provisions in the City of Adelaide Standing Order Parts 1, 3 and 4 Local Government (Procedures at Meetings) Regulations 2013. Links are provided instead.
13. Meeting Procedures	Can be found at Part 9 Simplified to recognise that the detail is contained in Council's Code of Practice for Meeting Procedures. Deletion of the meeting procedures sections, as these are largely repeating the provisions in the City of Adelaide Standing Order Parts 1, 3 and 4 Local Government (Procedures at Meetings) Regulations 2013. Links are provided instead.
14. Reporting and Accountability	Part 4 This section has been simplified and also reflects that Audit and Risk Advice is included in individual reports via committee to Council.  Section 14.2 of the current Terms of Reference has been included. In Part 4. This section speaks to the CEO role in identifying matters to be reported to the Audit and Risk Committee that have a material impact on the operation of the Council as an elected body.
15. Other Matters	Removal reference to the CEO providing adequate resources to the ARC as this is a legislative requirement of the CEO  15.2 – the ability to have legal or professional advice moved under part 5 - <i>Delegations</i>

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## DATA AND SUPPORTING INFORMATION

Link One- Audit and Risk Terms of Reference.

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# ATTACHMENTS

**Attachment A** – Revised Audit and Risk Committee Terms of Reference

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