



# Audit, Risk and Improvement Advisory Committee Terms of Reference

## 1. Intent

- 1.1 To assist Council in fulfilling its corporate governance role and oversight of financial management and reporting responsibilities.

## 2. Scope

- 2.1 The terms of reference apply to Councillors, committee members, and staff of Tablelands Regional Council (TRC).

## 3. Powers of the committee

- 3.1 This committee is an advisory committee to Council under Section 264(b) of the *Local Government Regulation 2012*.
- 3.2 The committee is established in accordance with Sections 208–211 of the *Local Government Regulation 2012*. It does not replace or diminish management's responsibility to maintain an adequate governance and internal control system and manage risks.
- 3.3 The committee will liaise closely with management and internal and external auditors to carry out its responsibilities.
- 3.4 The committee has no executive authority or responsibility for implementing its recommendations.
- 3.5 The committee has the authority to seek any information it requires from any person employed by Tablelands Regional Council or business units controlled by Council. Requests shall be made through the Chief Executive Officer.

## 4. Purpose

- 4.1 Enhance the ability of Councillors and management to discharge their legal responsibility to exercise due care, diligence and skill in relation to compliance with applicable laws and policy.
- 4.1.1 Evaluate and monitor the integrity, adequacy and effectiveness of finance, administrative and operating systems, policies and procedures through communication with, and reports from management, external and internal auditors.
- 4.1.2 Monitor the standard of corporate governance and ethical considerations.
- 4.1.3 Monitor compliance with statutory, regulatory and policy obligations.
- 4.1.4 Review the operation of an accounting and financial control and risk environment.
- 4.2 Monitor the credibility and objectivity of financial reports.

- 4.2.1 Review the accuracy and timeliness of all financial information and the inclusion of all appropriate disclosures.
- 4.2.2 Review any changes in accounting practices or policies or material change in accounting treatment.
- 4.2.3 Review and make recommendations on end of year financial statements, context of monthly reports and internal and external reports.
- 4.2.4 Review Council's financial status and performance.
- 4.2.5 Monitor the application of appropriate accounting and disclosure policies.
- 4.3 Ensure the independence and effectiveness of Council's internal audit function.
  - 4.3.1 Review the Internal Audit Policy to ensure that it maintains and enforces internal audit's independence from management.
  - 4.3.2 Review proposed internal audit plan for the coming year to ensure that it covers key risks.
  - 4.3.3 Endorse internal audit plans.
  - 4.3.4 Review internal audit reports and findings.
  - 4.3.5 Monitor management actions to ensure satisfactory and timely resolution of findings reported by internal audit.
- 4.4 Review the implementation of recommendations made by the auditor-general and management's response to the auditor-general.
- 4.5 Monitor existing corporate policies and recommend for consideration any new corporate policies necessary to prohibit unethical, questionable or illegal activities.
- 4.6 Advise Council regarding management of strategic risks.
  - 4.6.1 Review risk management framework and associated procedures for effective identification and management of the financial and business risks, including fraud.
  - 4.6.2 Review approach in developing strategic risk management plans for major projects or undertakings.
  - 4.6.3 Review approach in establishing business continuity planning arrangements, including testing disaster recovery plans.
  - 4.6.4 Review fraud control plan and ensure appropriate processes and systems are in place to capture and effectively investigate fraud related information.
  - 4.6.5 Assess the adequacy of internal processes for determining and managing key risk areas.
  - 4.6.6 Provide guidance in the development and implementation of risk management systems.
- 4.7 Encourage and support a culture of good governance, performance measurement, sound internal controls and continuous improvement at all levels within Council.

- 4.7.1 Report any matter that the Committee considers should be brought to the attention of Council.
- 4.7.2 Undertake any tasks or actions Council authorises provided these do not impinge on the Committee's independence.
- 4.7.3 Review continuous improvement initiatives.

## 5. Membership

- 5.1 Membership is based on Section 210 of the *Local Government Regulation 2012*.
- 5.2 Members:
  - 5.2.1 Two TRC Councillors or their delegate
  - 5.2.2 One independent external representative with significant experience and skills in financial matters who is not a Council employee or contractor
  - 5.2.3 Five non-voting Council officer representatives:
    - 5.2.3.1. Secretary (Executive Assistant)
    - 5.2.3.2. Chief Executive Officer
    - 5.2.3.3. General Manager Community & Corporate Services
    - 5.2.3.4. Manager Finance
    - 5.2.3.5. Coordinator Legal & Governance
- 5.3 The committee may seek the advice of persons with a specialist knowledge and invite them to attend a meeting.
- 5.4 The Mayor or Councillors may attend meetings.

## 6. Committee term

- 6.1 The committee is required as an ongoing operational requirement.
- 6.2 Councillors will be appointed to the Committee for the term of Council unless removed by resolution of Council.
- 6.3 External representatives will be appointed for a maximum four-year term following an evaluation of candidates through an expression of interest process and recommendation endorsed by Council resolution. The evaluation of potential external representatives will be undertaken by the Mayor or a nominated Councillor, Chief Executive Officer and Committee Chair or delegate.

## 7. Meetings

- 7.1 Meetings will be held in accordance with the agreed reporting schedule, at a time and location that suits members.
- 7.2 Additional meetings may be held to enable the consideration of annual audited financial statements or specific issues as required.

- 7.3 Due to the confidential nature of information and the high level of independence of internal and external audit, committee meetings will not be public.

## 8. Reporting

- 8.1 Following each committee meeting, recommendations will be provided to the next scheduled Council meeting.

## 9. Evaluation of performance

- 9.1 The committee will undertake an annual assessment of performance against the Terms of Reference.

## 10. Responsibility

Council is responsible for the adoption, amendment and repeal of the Terms of Reference and the Chief Executive Officer is responsible for the development and amendment of any associated procedures and guidelines.

## 11. Review

It is the responsibility of the Chief Executive Officer and the Audit, Risk and Improvement Committee to monitor the adequacy of the Terms of Reference and recommend appropriate changes. This Terms of Reference will be formally reviewed every three years or as otherwise required.

**This Terms of Reference is to remain in force until otherwise amended/repealed by resolution of Council.**