



PUBLIC ATTACHMENTS

Special Council Meeting

2 August 2021



SHIRE OF VICTORIA PLAINS

AUDIT COMMITTEE – TERMS OF REFERENCE

August 2021

Preliminaries

The Audit Committee Terms of Reference defines the membership, authority, purpose, operational guidelines, responsibilities and resources of the Shire of Victoria Plains Audit Committee, established by Council pursuant to division 1A, section 7.1A of the *Local Government Act 1995* (the Act) and the *Local Government (Audit) Regulations 1996* (the Regulations).

Structure

Name

The name of this Committee is 'Shire of Victoria Plains Audit Committee'. All references to 'Committee' in this Terms of Reference mean 'Shire of Victoria Plains Audit Committee'.

Establishment

This Committee is established under the provisions of the Act, particular division 1A, section 7.1A.

Guiding Principles

This Committee is established with the guiding principles prescribed in the Act, the Regulations and the *Local Government (Financial Management) Regulations 1996*.

Purpose

The purpose of the Audit Committee is to:

- Guide and assist the Shire of Victoria Plains in carrying out its financial management and audit functions;
- Monitor and advise the Chief Executive Officer in reviews conducted into financial management and audit systems and procedures. This also includes the Shire's risk management, internal controls and level of compliance and integrated planning and reporting (IPR) and training;
- Oversee the implementation of any resulting Council recommendations so as to support better decision-making, greater accountability to the community and ensure a more efficient and effective Local Government.

Committee Functions

Regulation 16

Under regulation 16 of the *Local Government (Audit) Regulations 1996*, an audit committee has the following functions:

- *to guide and assist the local government in carrying out:*
 - *its functions under Part 6 of the Act; and*
 - *its functions relating to other audits and other matters related to financial management;*
- *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- *to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to:*

- *report to the council the results of that review; and*
- *give a copy of the CEO's report to the council;*
- *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under:*
 - *regulation 17(1); and*
 - *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- *to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- *to oversee the implementation of any action that the local government:*
 - *is required to take by section 7.12A(3); and*
 - *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- *to perform any other function conferred on the audit committee by these regulations or another written law.*

Regulation 14(3A)

Under section 14(3A) of the Regulations, the Audit Committee:

(3A) The local government's audit committee is to review the compliance audit return (CAR) and is to report to the council the results of that review.

Notes - Regulation 17 Review

17. CEO to review certain systems and procedures:

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

Notes – Regulation 5 (2)(c) – Review of Financial Management Systems

(2) The CEO is to:

- (a) ensure that the resources of the local government are effectively and efficiently managed; and
- (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems

and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

Notes – Section 7.12A(3) and 7.12A(4)(a) – Examine and Action Audit Report and Significant Matters

7.12A. Duties of local government with respect to audits:

(3) A local government must:

- (aa) examine an audit report received by the local government; and
- (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
- (b) ensure that appropriate action is taken in respect of those matters.

(4) A local government must:

- (a) prepare a report addressing any matters identified as **significant** by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters

Notes – Local Government Amendment Auditing Act 2017

The Auditor General became responsible for conducting local government audits from 27 October 2017. Local governments were required to take up the Auditor General as their auditor by 2020/21 once their current audit contract ceased. For the Shire of Victoria Plains this legislative requirement was effective from 2018/2019.

Membership

Pursuant to division 1A, section 7.1A of the Act:

- *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*
**Absolute majority required.*
- *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- *An employee is not to be a member of an audit committee.*

The Committee consists of three (3) members and two (2) deputy members:

1. The members and deputy members are made up from the Elected Members of Council;
2. There is required to be a Presiding Member;
3. The deputy member:
 - a. Fills in for the office of audit committee member when a member is unavailable, or the office is vacant.
 - b. Has the same responsibilities as a member when attending an audit committee meeting in the capacity of a member as established in 3.a.

Meetings

a. Committee Meetings

The Committee shall meet four times a year, unless a special meeting of the Committee is called for a specified purpose. Meetings are conducted according to the Shire of Victoria Plains Meeting Procedures Local Law. The content of the agenda is set out in Appendix 1.

b. Quorum

The quorum for any meeting of this Committee shall be 50 percent of members as endorsed by Council at the time of the meeting.

c. Voting

Shall be in accordance with section 5.21 of the Act, with all members endorsed as voting members entitled and required to vote, subject to the provisions of the Act which deal with Financial and Proximity Interests.

d. Minutes

The Minutes of the meeting shall be recorded and prepared as per the provisions of section 5.22 of the Act.

The content of the minutes shall be in accordance with the *Local Government (Administration) Regulations 1996* section 11.

The content of minutes of a meeting of a council or a committee is to include:

- (a) the names of the members present at the meeting; and*
- (b) where a member enters or leaves the meeting during the course of the meeting, the time of entry or departure, as the case requires, in the chronological sequence of the business of the meeting; and*
- (c) details of each motion moved at the meeting, the mover and the outcome of the motion; and*
- (d) details of each decision made at the meeting; and*
- (da) written reasons for each decision made at the meeting that is significantly different from the relevant written recommendation of a committee or an employee as defined in section 5.70 (but not a decision to only note the matter or to return the recommendation for further consideration); and*
- (e) a summary of each question raised by members of the public at the meeting and a summary of the response to the question; and*
- (f) in relation to each disclosure made under section 5.65 or 5.70 in relation to the meeting, where the extent of the interest has also been disclosed, the extent of the interest.*

The above is an extract of the Regulations. The criteria regarding questions raised by the public (e) is not applicable as the Audit Committee meetings are not open to the public. If the Committee resolves, the minutes may include a table of 'action items', summarising the agreed actions.

e. Who acts if the presiding member is unavailable?

Shall be in accordance with section 5.14 of the Act i.e. a committee member elected by the

Committee.

f. Meeting Not Open to the Public

Meetings are not open to the public as per the provisions of section 5.23 of the Act.

g. Public Question Time

As the Committee has no delegated powers (section 5.24 of the Act), there is no specific provision for public question time.

h. Members' Conduct

Council Members of the Committee shall be bound by the following

- i. The provisions of section 5.65 of the Act;
- ii. *Shire of Victoria Plains Meeting Procedures Local Law 2018*;
- iii. *Shire of Victoria Plains Code of Conduct*;
- iv. *Local Government (Rules of Conduct) Regulations 2007*; and
- v. Regulation 34C of the *Local Government (Administration) Regulations 1996*, with respect to their conduct at meetings and their duty of disclosure.

Council Members and Officers of the Shire of Victoria Plains will be bound by these provisions, relating specifically to their participation in the Committee, at all times.

i. Executive Support

The Chief Executive Officer (or their nominated representative) shall undertake the following executive support:

- i. Prepare and distribute meeting papers as required.
- ii. Attend and record the Minutes of the meeting.
- iii. Provide the administrative support required to present the outcomes of the meeting to Council for consideration where required.

j. Presiding Member

The members (voting) will elect a presiding member at the first meeting after these positions become vacant for any reason. The voting on and appointment of the presiding member shall be in accordance with the provisions of section 5.12 of the Act.

k. Meeting attendance fees

Nil

Delegated Authority

This committee has no delegated authority.

Adoption

The Terms of Reference were adopted by the Council at its meeting on 28 October 2020.

The Terms of Reference were amended on 2 August 2021 re Membership.

Appendix 1

Agenda

The reports to the Audit Committee shall consist of the following:

Agenda	Explanation/Detail/Example of Report Type
Declaration of Opening	
Record of Attendance	<ul style="list-style-type: none"> • Members • Staff • Apologies • Approved Leave of Absence • Visitors
Interest	<ul style="list-style-type: none"> • Financial • Proximity • Impartiality
Confirmation of Minutes	Confirmation of the previous committee meeting minutes.
Reports Requiring Decision	<p>The following will require reporting on from time to time:</p> <ol style="list-style-type: none"> 1. Updates on the Functions of the Audit Committee. 2. External Audits e.g. Interim Audit, Annual Audit and the corresponding actions plans. 3. Internal Audits e.g. three yearly financial management systems review, three yearly Reg 17 Review, the CAR, other internal audits (as per the compliance calendar), and so on. 4. Financial Reporting e.g. best practice, status of ratios from time to time. 5. Risk Management Issues e.g. quarterly updating and reporting on key risks from time to time. 6. Controls, Systems and Procedures e.g. policy considerations, procedural considerations, 7. Matters of Compliance: as per the compliance calendar. 8. Integrated Planning and Reporting. 9. Training and Development (Elected Member Training, Committee Member Training and Staff training). 10. Status Report.
Member Motions of Which Previous Notice Has Been Given	
New Business of an Urgent Nature	
Closure of Meeting	



REFERENCES AND ACKNOWLEDGEMENTS

Reference to the following documents or sources were made during the preparation of the Audit Committee Terms of Reference:

- *Local Government (Audit) Regulations 1996;*
- *Local Government (Financial Management) Regulations 1996;*
- Departmental Guideline No 9 - Audit in Local Government;
- Departmental Circular No 2 2018;
- Guide to Local Government Auditing Reforms – June 2018

Disclaimer

The Terms of Reference has been prepared in accordance with the relevant legislation and guidelines. The Terms of Reference replace those adopted by Council on 16 May 2018.

Review of the Audit Committee Terms of – Reference

The Committee Terms of Reference will be updated annually.

Document Management

Version:	October 2020 V1
Status:	Adopted by Council
OCM Date:	28 October 2020
Next Review by Committee	October 2021
Responsible Officer	Governance Officer