

RISK MANAGEMENT AND AUDIT COMMITTEE

TERMS OF REFERENCE

1. ESTABLISHMENT

The Risk Management and Audit Committee (the Committee) is established as an Advisory Committee to the City of Darwin (Council) in accordance with the Local Government Act Part 5.2, and section 10(3) of the Local Government (Accounting) Regulations.

2. OBJECTIVE

The Committee provides independent assurance and assistance to the Council and the Chief Executive Officer on:

- Council's risk, control and compliance frameworks
- Council's external accountability responsibilities as prescribed in the Local Government Act and Accounting Regulations

3. AUTHORITY

With consideration of legal and confidentiality implications, the Committee is authorised, within the capacity of its role and responsibilities, to:

- obtain any information it requires from any member of staff and/or external party
- discuss any matters with the external auditor, or other external parties
- request, via the Chief Executive Officer, the attendance of any member of staff at committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities

4. KEY RESPONSIBILITIES

The Committee will undertake the following key responsibilities and functions:

- monitor the performance of Council's risk management framework, including strategic and operational risk assessments
- monitor the adequacy of the internal control policies, practices and procedures established to manage identified risk
- oversee the internal audit function including development of audit programs with reference to the Council's risk assessment, the conduct of internal audits by appropriately qualified personnel, the monitoring of audit outcomes, management responses, and the implementation of recommendations
- review quality of annual financial statements and other public accountability documents (such as annual reports) prior to their adoption by the Council
- review management's responses to external audit recommendations and monitor implementation of the agreed recommendations
- meet with the external and internal auditors at least once each year to receive direct feedback about any key risk and compliance issues, and to provide feedback about the auditor's performance

- advise the Council about the appointment of external auditors
- assess the adequacy of audit scope and coverage

The Committee will fulfill these responsibilities by:

- following up of issues arising from internal and external audits;
- managing the outstanding and completed audit issues registers; and
- receiving, providing advice and oversight of Council's strategic and operational risk assessments.

5. MEMBERS AND TENURE

The Committee will comprise:

- two (2) Elected Members of Council;
- three (3) Community Members;
 - one (1) of whom should be either a CPA or a CA (the desirability being that the person holds a Public Practice)
 - the other should be qualified or have significant business experienced in the field of risk management
 - one (1) of whom is the Independent Chair of the Committee, appointed by the Council
- Council shall appoint the two (2) Elected Members to the Committee for a two (2) year tenure
- the Community Members shall be appointed for a term of two (2) years by Council
- The Chief Executive Officer will attend all meetings.

6. ACCESS TO STAFF AND INFORMATION

The Risk Management & Audit Committee shall have access to the necessary information to enable it to carry out its responsibilities under these Terms of Reference.

Requests for access to information are to be made to the Chief Executive Officer.

City of Darwin will ensure the appropriate management and staff are made available to attend the meeting and that management and staff cooperate fully with the Risk Management & Audit Committee.

With the approval of Council, or if within the approved budget, external experts may be consulted if considered necessary for independent advice and to assist the Risk Management & Audit Committee to carry out its duties.

Other staff may be called upon to attend when required to present reports to the Committee.

7. REPORTING

The Committee will regularly report on its operation and activities, including:

- a summary of the key issues arising from each meeting of the committee
- an annual overall assessment of Council's risk, control and compliance framework, together with a summary of the work the committee performed in

- conducting its responsibilities during the preceding year
- the Committee will report and make recommendations to Council.

8. MEETINGS

The Committee will meet at least four (4) times per year and a special meeting may be held to review Council's Annual Report and the annual financial statements.

A forward meeting plan, including meeting dates and agenda items, will be agreed to by the Committee each year and will address all of the Committee's responsibilities as detailed.

Three (3) voting members constitute a quorum. If the Chair is absent the members present shall elect a person to preside at the meeting. The person presiding at any meeting shall have a casting vote.

The agenda for each meeting and supporting documentation will be circulated, after approval by the Chief Executive Officer and in consultation with the Chair, at least one calendar week prior to the meeting.

The Chief Executive Officer will prepare and maintain the minutes ensuring they are signed by the Chair, distributed to each member and published on Council's website.

9. CONFLICTS OF INTEREST

In accordance with Section 74(1) of the Local Government Act, committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. All details of any conflict of interests are to be minuted.

10. CONFIDENTIAL AND IMPROPER USE OF INFORMATION

Committee Members will from time to time deal with confidential reports.

Section 75 of the Local Government Act outlines the penalties applicable to people who disclose confidential information acquired as a member of a Council committee.

Section 76 of the Local Government Act states that a person who makes improper use of information acquired as a member of a Council committee is guilty of an offence.

11. DUE DILIGENCE AND INDUCTION

All new members of the Committee will be entitled to receive relevant information and briefings prior to, and shortly after, their appointment.

Council will provide an induction to all new members of the Committee specifically relating to Council's risk management framework and risk assessment and control monitoring programs.

12. ASSESSMENT OF COMMITTEE PERFORMANCE

The Chair of the Committee and the Chief Executive Officer will initiate a review of the performance of the Committee at least once every two (2) years. The review will be on

an internal assessment basis with appropriate input from the Council, Chief Executive Officer and senior staff, internal and external auditors, and any other relevant stakeholders.

13. REVIEW

These Terms of Reference will be reviewed at least every two (2) years by the Committee. Any substantive changes will be recommended by the Committee and formally approved by Council.

14. APPROVED

These terms of reference were approved by the Council at the meeting held on 30 July 2019.