

## THE VICTOR HARBOR HORSE TRAM AUTHORITY

### AUDIT COMMITTEE

#### TERMS OF REFERENCE

#### 1. ESTABLISHMENT

- 1.1 The Victor Harbor Horse Tram Authority ('the Authority') is a single council subsidiary established under Section 42 of the *Local Government Act 1999* ('the Act') by the Constituent Council, the City of Victor Harbor ('the Council').
- 1.2 At a meeting held on 16 June 2020, the Authority resolved to establish the Audit Committee ('the Committee') pursuant to Clause 4.1.1 of the Authority Charter.

#### 2. PURPOSE

- 2.1 The Committee is established for the purposes of Section 13(4) of Schedule 2 of the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* to:
  - 2.1.1 review annual financial statements to ensure that they provide a timely and fair view of the state of affairs of the Authority; and
  - 2.1.2 review the adequacy of Authority risk management systems; and
  - 2.1.3 propose, and provide information relevant to, a review of the Authority's strategic management plans or annual business plan; and
  - 2.1.4 liaise with the Authority's external auditor; and
  - 2.1.5 review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the Authority on a regular basis.

#### 3. MEMBERSHIP

- 3.1 The membership of the Committee shall consist of:
  - 3.1.1 A majority of Independent Members who are not members of the board of management of the Authority and have recent and relevant financial, risk management and internal audit experience; and
  - 3.1.2 Up to two Authority Board Members nominated by the Authority for consideration by Council.
- 3.2 The Authority's external auditors may be invited to attend meetings of the Committee.
- 3.3 Persons appointed under this Clause 3.1 are referred to as 'Member/Members' throughout the Terms of Reference.

3.4 The current Committee membership is as per Schedule 1 to the Terms of Reference.

#### **4. APPOINTMENT OF MEMBERS**

- 4.1 The term of appointment of a member of the Committee shall be for a term not exceeding two (2) years at the expiry of which such member will be eligible for reappointment.
- 4.2 Nominations for the Independent Member position/s will be publicly advertised and considered, on the recommendation of the Authority Board, by the Council for appointment on a biennial basis.
- 4.3 The Board shall submit recommendations to the Council pursuant to Schedule 2, Part 1, Section 13(3) of the *Local Government Act 1999* for appointment.
- 4.4 The filling of any vacancy occurring by resignation or removal of a member shall be at the discretion of the Council.
- 4.5 The Council may at any time remove a member of the Committee but shall observe the principles of natural justice.
- 4.6 Any member absent for three or more consecutive meetings without apology or leave of the Committee, shall have their position declared vacant and clause 4.3 shall be invoked.
- 4.7 At least two members of the Committee must be neither elected members nor employees of Council in accordance with clause 4.1.2.3 of the Authority Charter.
- 4.8 Payment of sitting fees for Committee meetings will be paid as follows:
- 4.8.1 Council Officer or Horse tram Authority Officer members of the Committee will not be paid a sitting fee;
  - 4.8.2 An Independent Authority Board Member who is also a member of the Committee will not be paid a sitting fee per meeting
  - 4.8.3 A Council Authority Board Member who is also a member of the Committee will not be paid a sitting fee in line with non-payment of sitting fees for meetings of the Authority Board; and
  - 4.8.4 An Independent Chairperson of the Committee will not be paid a sitting fee per meeting.

#### **5. APPOINTMENT OF OFFICE BEARERS**

- 5.1 Council shall appoint a Chairperson and Deputy Chairperson and the term of office shall be two (2) years.
- 5.2 The Chairperson and Deputy Chairperson must not be a Council Member or Employee of the Council.

#### **6. ROLE AND RESPONSIBILITIES OF MEMBERS**

- 6.1 The role of a Committee Member is to:
- 6.1.1 Participate in the deliberations of the Committee, with regard to the business which is before it;

- 6.1.2 Be mindful of the objectives and policies of the Authority as they relate to the business of the Committee;
- 6.1.3 Give due consideration to laws and regulations of the *Local Government Act 1999*;
- 6.1.4 Participate in induction and ongoing training as required;
- 6.1.5 Be aware of the Committee resources and budget, and the need for efficiency and effectiveness in the activities for which the Committee has been established;
- 6.1.6 Be well informed on issues before the Committee; to prepare adequately for meetings and seek additional information if required;
- 6.1.7 Be mindful of the potential for a Conflict of Interest to occur through participation on the Committee and to declare such Interests as and when they arise; and
- 6.1.8 Observe confidentiality when it is required.

## **7. Role of the Audit Committee**

### **7.1 Financial reporting:**

- 7.1.1 The committee shall monitor the integrity of the financial statements of the Authority, including its annual report, reviewing significant financial reporting issues and judgments which they contain.
- 7.1.2 The committee shall review and challenge where necessary:
  - 7.1.2.1 the consistency of, and/or any changes to, accounting policies;
  - 7.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
  - 7.1.2.3 whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
  - 7.1.2.4 the clarity of disclosure in the Authority's financial reports and the context in which statements are made; and
  - 7.1.2.5 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).

### **7.2 Internal controls and risk management systems:**

- 7.2.1 The Committee shall:
  - 7.2.1.1 keep under review the effectiveness of the Authority's internal controls and risk management systems; and
  - 7.2.1.2 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.

### **7.3 External Audit:**

- 7.3.1 The Committee shall:
- 7.3.1.1 consider and make recommendations to the Authority Board, in relation to the appointment, re-appointment and removal of the Authority'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;
  - 7.3.1.2 oversee the Authority's relationship with the external auditor including, but not limited to:
    - 7.3.1.2.1 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;
    - 7.3.1.2.2 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;
    - 7.3.1.2.3 assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of the Authority's relationship with the auditor, including the provision of any non-audit services;
    - 7.3.1.2.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Authority (other than in the ordinary course of business);
    - 7.3.1.2.5 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
    - 7.3.1.2.6 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);
  - 7.3.3 meet as needed with the external auditor. The committee shall meet the external auditor at least once a year, with the option to not have the Authority General Manager being present; to discuss the external auditor's report and any issues arising from the audit;
  - 7.3.4 review and monitor the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
    - 7.3.4.1 discussion of any major issues which arose during the external audit;
    - 7.3.4.2 any accounting and audit judgments; and
    - 7.3.4.3 levels of errors identified during the external audit;
- The committee shall also review the effectiveness of the external audit.

- 7.3.5 review any representation letter(s) requested by the external auditor before they are signed;
- 7.3.6 review the management letter and management's response to the external auditor's findings and recommendations.

## **8. MEETINGS**

### **8.1 Ordinary meetings**

- 8.1.1 The Committee shall meet at least three times per annum at appropriate times in the budgeting and reporting cycle.
- 8.1.2 For the purpose of Term 8.1.1, the contemporary linking together by telephone, audio-visual or other instantaneous means of the Audit Committee Members provided that at least a quorum is present, is deemed to constitute a meeting of the Audit Committee. Each of the Audit Committee Members taking part in the telecommunications meeting, must at all time during the telecommunications meeting be able to hear and be heard by each of the other Members present. At the commencement of the meeting, each Audit Committee Member must announce his/her presence to all other Members taking part in the meeting. An Audit Committee Member must not leave a telecommunications meeting by disconnecting his/her telephone, audio-visual or other communication equipment, unless that Member has previously notified the Chair of the meeting.
- 8.1.3 The Committee shall resolve by majority a 12 month schedule of the meetings including the date, time and location in accordance with Section 87(2) of *the Local Government Act 1999*.

### **8.2 Special Meetings**

- 8.2.1 Special Meetings may be called by the Presiding Member or by at least two members of the Committee at any time in accordance with the conditions of the Terms of Reference.

### **8.3 Meeting Procedures**

- 8.3.1 The procedures and protocols to be observed at the Committee meetings shall be as provided in Part 3 of *the Local Government (Procedures at Meetings) Regulations 2013*, unless varied by these Terms of Reference.

### **8.4 Quorum**

- 8.4.1 A quorum for the Committee shall constitute three members, one of whom shall be a Board Member.

### **8.5 Notice of Meetings –**

- 8.5.1 A Notice of each meeting is to be provided to each member in writing, setting out the date, time and location of the meeting and be accompanied by an agenda.
- 8.5.2 The agenda for Ordinary Meetings of the Committee shall be forwarded to members of the Committee electronically no later than three clear days prior to the meeting.

- 8.5.3 A minimum of four hours' notice shall be given for any Special Meetings of the Committee.
- 8.5.3 A copy of the notice of meeting, agenda and accompanying reports shall be placed on public display at the principle office of the City of Victor Harbor and the Authority on the Victor Harbor Horse Tram website as soon as practicable following circulation to members of the Committee and shall be kept on display for a period of one month

## **8.6 Minutes**

- 8.6.1 Minutes shall be kept of all meetings of the Committee
- 8.6.2 Each Member shall receive a copy of the minutes within five days of the meeting of the Committee.
- 8.6.3 The minutes shall be confirmed at the next regular meeting with or without amendments.
- 8.6.4 One copy of all minutes shall be supplied to the Authority Board before its next meeting following that of the Committee. Resolutions of the Committee are to be presented to a formal meeting of Authority Board for endorsement before they can be enacted.
- 8.6.4 A copy of the minutes shall be placed on public displayed at the Principal Office of the City of Victor Harbor and the Authority on the Victor Harbor Horse Tram website within five days of the meeting of the Committee and kept on public display for a period of one month

## **9. VOTING**

- 9.1 A matter for decision at a meeting of the Committee will be decided by simple majority of the members present at the meeting and entitled to vote on the matter.
- 9.2 Each member of the Committee present at the meeting and entitled to vote on a shall have one vote on any matter.
- 9.3 The Chairperson or Deputy Chairperson shall have a deliberative vote only.
- 9.4 Each member present at a meeting of the Committee must vote on all matters arising for a decision at that meeting.

## **10. CONFLICT OF INTEREST**

- 10.1 Section 73-75 of *the Local Government Act 1999* (inclusive) refers to conflict of interest provisions.
- 10.2 Members need to be aware of the circumstances under which a conflict of interest may arise and declare that interest to the membership present at the meeting.

## **11. COMMITTEE RESOURCES**

- 11.1 The Authority's General Manager shall provide support to and attend Committee meetings. Other invited guests may attend meetings as required.

11.2 An officer(s) of the Council nominated by the Chief Executive Officer of the Council may attend Audit Committee meetings as an observer in accordance with the Authority Charter clause 4.1.2.2.

11.3 The Authority's General Manager will provide administrative/secretarial support as required.

## 12. REPORTING

12.1 The Committee shall supply to the Authority Board a copy of all Committee minutes pursuant to clause 8.6.2, and the Chairperson (or other member in their absence) shall draw to the attention of the Board any significant issues when the minutes are presented.

12.2 The Committee shall supply to the Chief Executive Officer of the Council a copy of all Committee minutes within 5 days of the Committee meeting in accordance with Clause 4.1.2.6 of the Authority Charter.

12.3 The Committee's yearly activities shall be reported in Authority's Annual Report.

12.4 The committee shall make whatever recommendations to the Authority it deems appropriate on any area within its terms of reference where in its view action or improvement is needed.

## 13. PUBLIC ACCESS

13.1 Meetings of the Committee shall be held in public.

13.2 The Committee may resolve to exclude the Public from attendance at the meeting if it is considered necessary to receive, discuss or consider in confidence any information or matter listed in Section 90(3) of the *Local Government Act 1999*.

13.3 Minutes, Agendas, Reports and Documents produced by the Committee may be inspected at the Principle Office of the City of Victor Harbor.

## 14. LIABILITY OF MEMBERS

14.1 In accordance with Section 39 of the *Local Government Act 1999*, no civil liability attaches to a member of the Committee for an honest act or omission in the exercise, performance or discharge, or purported exercise, performance or discharge, of the member's or Committee's powers, functions or duties.

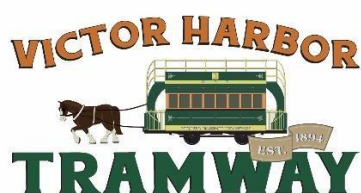
## 15. REVIEW

15.1 The Committee shall at least once a year, review its own performance in line with the purpose for establishing the Committee; and review its Terms of Reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Authority for approval.

15.2 These Terms of Reference shall be reviewed by the Authority annually.

## 16. Document History

Version	Date	Resolution No.	Description
1.0	16 June 2020		Draft Terms of Reference
1.1	8 June 2021	VHHTA242	Terms of Reference



## Schedule 1

### Victor Harbor Horse Tram Authority

#### Audit Committee

#### Committee Membership

Member	Representative	Appointed	Expires
Independent Member(s)	John Morgan	23 November 2020	23 November 2022
Independent Member(s)	Kate Christ	22 February 2021	22 February 2023
Independent Member(s)	Laura Hodgson	26 July 2021	26 July 2023
Victor Harbor Horse Tram Authority Board Member	Rachel Kennedy	23 November 2020	23 November 2022
Victor Harbor Horse Tram Authority Board Member	Nigel Catt	26 July 2021	26 July 2023
<b>Office Bearers</b>			
Chairperson	John Morgan	22 February 2021	23 November 2022
Deputy Chairperson	Rachel Kennedy	22 February 2021	23 November 2022