TERMS OF REFERENCE
Audit and Risk Committee

Reference Number	CL.TOR.01
Responsible Section	Corporate Services
Responsible Department	Strategy & Performance
Date Last Adopted	March 2026
Date of Next Review	Within 12 months of a General Election
Applicable Legislation	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
Related Governance Documents	Nil
City Vision	Organisational Capability

1. ESTABLISHMENT

1.1. The Audit and Risk Committee is a formally appointed committee of the City of Port Adelaide Enfield (PAE), pursuant to Section 126 of the Local Government Act 1999 (SA) (the Act).

1.2. The purpose of the Audit and Risk Committee is to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management, effectiveness and efficiency (through service reviews) and governance matters.

1.3. The Audit and Risk Committee does not have executive powers or authority to implement actions in areas which management has responsibility.

1.4. The Audit and Risk Committee does not have any delegated financial responsibility or any management functions and is, therefore, independent from management.

1.5. The Audit and Risk Committee will report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference to facilitate informed decision making and ensure Council is operating effectively and efficiently to deliver public value.

2. MEMBERSHIP

2.1. Members of the Audit and Risk Committee are appointed by Council in accordance with section 126(2) of the Act and these Terms of Reference. The Committee shall consist of five members:

2.1.1. An Independent Chair

2.1.2. Two Independent Members

2.1.3. Two members of the Council.

2.2. Members of the Audit and Risk Committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the Audit and Risk Committee, including financial management, risk management, governance and ideally be familiar with the reporting requirements of Local Government.

2.3. Recruitment of Independent Members will be undertaken by Administration in accordance with approved recruitment best practice and relevant policies and procedures. Once completed, a recommendation(s) for appointment will be put to Council for decision. The Mayor or delegate will be included on the selection panel.

2.4. Appointments of Independent Members shall be for a term of up to four years. Four years is the preferred term however consideration will be given to shorter terms to enable staggering of potential reappointment dates and to ensure there is continuity of experience on the committee.

2.5. Appointees may be reappointed by Council for a further term (or terms) however consecutive service cannot exceed 8 years.

2.6. Appointments of Council Members shall be for a term of two years. The appointees may be reappointed for another term which cannot exceed the term of Council.

2.7. New Members will be provided with appropriate induction training determined by the Chief Executive Officer or their delegate.

2.8. Training will be offered to all members on an ongoing basis where relevant to City of Port Adelaide Enfield business and as approved by the Chief Executive Officer.

2.9. Proxy members for Council Members may be appointed to the Audit and Risk Committee by the Council. The proxies appointed will be able to act for the Council Member appointed when they are not present.

3. PRESIDING MEMBER

3.1. Will be an Independent Member and appointed by Council for a term as decided by Council. Council may decide to extend the appointment noting a member cannot exceed two terms of appointment (as per clause 2.5).

3.2. The Audit and Risk Committee may make an appointment to the position of Deputy Presiding Member for a term as determined by the Audit and Risk Committee.

3.3. If the Presiding Member is absent from a meeting, the Deputy Presiding Member (if such position exists) will preside at that meeting. If there is no position of Deputy Presiding Member, or both the Presiding Member and the Deputy Presiding Member are absent from a meeting, then a member of the Audit and Risk Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.

3.4. Will oversee and facilitate the conduct of meetings in accordance with the Local Government Act 1999 (SA), the Local Government (Procedures at Meetings) Regulations 2013 and these Terms of Reference.

3.5. Will ensure all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

4. SITTING FEES

4.1. Sitting fees will be reviewed and set by Council within 6 months of the General Election. Professional fees will also be paid for the advice and attendance of the Internal and External Auditors at the Audit and Risk Committee. There are no associated sitting fees for the Mayor or Councillor appointed to the Audit and Risk Committee.

ROLE OF THE AUDIT AND RISK COMMITTEE

5. FINANCIAL REPORTING

5.1. Monitor the integrity of the financial statements of the Council, reviewing significant financial reporting issues and judgements which they contain.

5.2. Review any report obtained by Council under section 48(1) of the Act in accordance with Council's Prudential Management Policy.

5.3. Review and challenge where necessary:

5.3.1. The consistency of, and any changes to, accounting policies both on a year-on-year basis.

5.3.2. The methods used to account for significant or unusual transactions where different approaches are possible.

5.3.3. Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor.

5.3.4. The clarity of disclosure in the Council's financial reports and the context in which statements are made.

5.3.5. 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 audit and risk management).

6. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

6.1. Keep under review the effectiveness of the Council's internal controls and risk management systems.

6.2. Review the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis.

6.3. Receive reports on the activities of the Strategic Risk and Audit Group.

6.4. Monitor the responsiveness to recommendations for improvement based on previous audits and risk assessments, including those raised by Council's auditor.

7. MANAGEMENT PLANS AND BUSINESS PLANS

7.1. Review and provide advice on the Council's Strategic Management Framework, Annual Business Plan, Long Term Financial Plan and Asset Management Plans.

7.2. Monitor and review the effective delivery of these plans.

8. INTERNAL AUDIT

8.1. Provide oversight of planning and scoping of the internal audit work plan.

8.2. Monitor and review the effectiveness of the Council's Internal Audit function in the context of the Council's overall risk management system.

8.3. Review and comment on the Full Reports on all Internal Audit projects and monitor management's responsiveness to the findings and recommendations of the Internal Auditor.Appointment of an externally appointed Internal Audit function is the responsibility of management.

9. EXTERNAL AUDIT

9.1. Consider and make recommendations to the Council, in relation to the appointment, reappointment, scope of engagement and removal of the Council's External Auditor in accordance with section 128-130 of the Act.

9.2. Oversee the relationship with the External Auditor, including, but not limited to:

9.2.1. Endorsing the audit timetable and audit plan.

9.2.2. 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.

9.2.3. Assessing the external auditor's independence and objectivity considering relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services.

9.2.4. Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business).

9.2.5. Monitoring the external auditor's compliance with legislative requirements on the rotation of individuals in accordance with section 128(6) of the Act.

9.2.6. 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 and Risk Committee's own internal quality procedures).

9.3. Review the findings of the External Audit with the External Auditor, including a discussion on any major issues which arose during the audit, any accounting and audit judgements and levels of errors identified during the audit.

9.4. Review the Report to the Chief Executive Officer and management's response to the External Auditor's findings and recommendations.

9.5. Review the effectiveness of the External Audit and oversee actions to follow-up on matters raised by the External Auditor.

9.6. Liaise with Council's auditor at least once each year on a confidential basis where a majority of the members of the committee are present and no members or employees of Council are present (other than members who are members of the Committee).

10. OTHER FUNCTIONS

10.1. Make recommendations to Council on the exercise of Council's powers under Section 130A of the Act, in relation to the conduct of Financial Audits that would not otherwise be addressed or included as part of an annual External Audit.

10.2. Review, advise and approve (where appropriate) relevant components of Council's Annual Report including:

10.2.1. Annual financial statements for Council and subsidiaries.

10.2.2. Internal control and risk statements (where appropriate).

10.3. Oversee and provide advice relating to service reviewed to ensure that Council is operating effectively and efficiently in the delivery of its services.

10.4. Give due consideration to laws and regulations of the Local Government Act 1999 (SA).

11. MEETINGS – SCHEDULING AND PUBLIC ACCESS

11.1. Frequency of meetings – the Audit and Risk Committee shall meet at least 4 times per year, on dates and times determined by the Audit and Risk Committee.

11.2. Change to meeting schedule - The Chief Executive Officer is authorised to vary the meeting schedule after liaison with the Audit and Risk Committee Presiding Member.

11.3. Cancellation of meeting - The Chief Executive Officer is authorised to not call a meeting of the Audit and Risk Committee within the meeting schedule should the Committee have no matters for consideration.

11.4. Special Meeting - A Special Meeting of the Audit and Risk Committee may be called in accordance with the section 87 of the Local Government Act 1999 (SA).

11.5. Public Access to Meetings – In accordance with the principles of open, transparent and informed decision making, Audit and Risk Committee Meetings must be conducted in a place open to the public. All meetings (unless conducted via electronic means) will be held in the Town Hall, Nile Street, Port Adelaide.

12. NOTICE AND DOCUMENTS

12.1. Notice confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit and Risk Committee and made public, no later than three ordinary days before the date of the meeting. Supporting papers shall be sent to the Audit and Risk Committee Members (and to other attendees

as appropriate) at the same time.

12.2. The agenda and minutes of Audit and Risk Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Act and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.

12.3. The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Audit and Risk Committee, including the names of those present and in attendance are included in the minutes and that the minutes otherwise comply with the Local Government Act 1999 (SA) and the Local Government (Procedures at Meetings) Regulations 2013.

12.4. Minutes of the Audit and Risk Committee meetings shall be circulated within five ordinary days after a meeting to all members of the Audit and Risk Committee and to all Council Members and will (as appropriate) be available to the public.

13. MEETING PROCEDURES

13.1. The Council has resolved to apply Parts 1, 3 and 4 of the Local Government (Procedures at Meetings) Regulations 2013 to the Audit and Risk Committee.

13.2. Insofar as the Act, the Regulations or these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Audit and Risk Committee, the Audit and Risk Committee may determine its own procedure.

13.3. The quorum necessary for the transaction of business shall be 3 members, 2 of which will be required to be independent members. Quorum must be present within 30 minutes of the scheduled start time for the meeting to proceed. A duly convened meeting of the Audit and Risk Committee at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit and Risk Committee.

13.4. Only members of the Audit and Risk Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

13.5. Proxy members (appointed as per clause 2.9) will only have a vote when the member of the Audit and Risk Committee they are proxy for, is not present.

13.6. Subject to clause 13.3 (quorum) all decisions of the Audit and Risk Committee shall be made based on a majority of the members present.

13.7. Every member of the Committee has a deliberative vote only. In the event of a tied vote the person presiding at the meeting does not have a second or casting vote and the matter will be considered lost.

13.8. The Chief Executive Officer, Directors and other PAE employees may attend any meeting as observers or be responsible for preparing papers for the Audit and Risk Committee and responding to reports.

13.9. Elected members not appointed to the Committee may attend the meeting as observers only.

13.10. The Council's Internal and External Auditors may be invited to attend meetings of the Audit and Risk Committee.

14. REPORTING AND ACCOUNTABILITY

14.1. The Audit and Risk Committee shall report to the Council after every meeting to identify and present advice and recommendations (through its minutes). The Council Members of the Committee shall attend these meetings and talk on these matters, as and when required on behalf of the Audit and Risk Committee.

14.2. The Chief Executive Officer will identify matters, further to those matters covered elsewhere in these Terms of Reference, to be reported to the Audit and Risk Committee in detail where those matters are considered to be of material effect, have a material impact on the operation of Council as an elected body (e.g. impact on policies relating to Council Members) or have significant impact on Council's operations.

14.3. The Audit and Risk Committee Chair shall present the Annual Financial Statements to Council and provide comment on the veracity of Council's financial statements and conduct of the external audit as required by section 10 of these Terms of reference.

14.4. At least once a year, the Audit and Risk Committee will review its own performance and membership, to ensure it is operating effectively. The Chair will provide a report to Council summarising its activities for the year. The Chair may be present at that meeting of Council to support the report submitted should Council deem their presence necessary.

14.5. Within 12 months of a Council general election, the Audit and Risk Committee will review its Terms of Reference and provide a report to Council, including any recommended changes, for approval.

15. OTHER MATTERS

15.1. The Chief Executive Officer shall provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

15.2. The Audit and Risk Committee shall have access, at the Council's expense, to legal advice or other professional advice on any matter within its Terms of Reference.

15.3. All members of the Committee, even independent members, must comply with the Code of Conduct for Council Members and comply with the conflict of interest provisions of the Act. In particular, sections 62 (general duties), and 73, 74, 75 and 75A (conflicts of interest).