

WHAT IS THE ROLE OF THE AUDIT COMMITTEE?

OVERVIEW

The Audit Committee provides independent oversight and advice to council to help ensure its resources are used as effectively as possible.

It supports council in achieving its prudential responsibilities by evaluating and improving the effectiveness of financial management, risk management, control and governance processes. It also coordinates internal and external audits.

The committee comprises four members – three independent members and one councillor. Independent members are chosen for the specialist skills they bring to inform council's decision making.

It meets at least four times a year and critically analyses identified areas of council's operations and makes recommendations in reports to General Council.

The Audit Committee's operations are governed by a Policy and Terms of Reference which are based on ASX Principles of Good Corporate Governance and the Australian Standard AS 8000-2003 Good Governance Principles. This Policy and Terms of Reference are adopted by Council and review periodically.

The Audit Committee is a formally constituted advisory body, committed to best practice, and does not have the authority to make decisions on behalf of council.

The Audit Committee's objectives include:

The effective management of risk (strategic, operational and financial) and the protection of City of Marion's assets

Improving the effectiveness of internal audits to add value for ratepayers and stakeholders

Provision of an effective means of communication between the external auditor, internal auditor, management and council

Enhancing the credibility and objectivity of internal and external financial reporting

The adoption of best practice and compliance with laws and regulations

ACTIVITIES

Work undertaken by the Audit Committee has included:

- Reviewing City of Marion's Annual Financial Statements
- Recommending the appointment of external and internal auditors
- Analysis of City of Marion's key strategic plans
- Regularly reviewing City of Marion's accounting, internal control, reporting and other resource and financial management systems
- Reviewing City of Marion's Risk Profile
- Recommending improvements in the draft Annual Business Plan and Budget and Long Term Financial Plan

- Analysis of service reviews, for example those for neighbourhood centres
- Oversight of the Risk Management Framework
- Review of council policies that are related to the terms of reference, including the Whistleblower Policy
- Prudential management
- Long-term financial sustainability

MEMBERS

There are four committee members - one councillor and three independent members. Independent members are selected by council for their ability to provide expert advice in areas including business, legal, auditing and financial management.

The councillor representative is appointed by council annually. No additional allowance is paid to a councillor who serves on the Audit Committee.

The independent members are:

Greg Connor

Greg has a wide range of senior business and financial management expertise. He is chief executive officer of the Australian Institute of Management in South Australia and has a track record of success as General Manager for Employers Mutual Ltd and as chief executive officer for Savings and Loans Credit Union.

He serves on a number of boards, including National Pharmacies, the Women's and Children's Health Network and Bedford Inc. Greg joined the committee in 2013.

Cathy Cooper

With senior management experience at major companies including agribusiness leaders Elders and the Futuris Corporation and Fosters Brewing Group, Cathy brings experience and skills in many areas, including finance, banking, legal and strategic planning.

She is chair of the Dairy Authority of SA, Adelaide University Union Business Advisory Group and a member of the Department of Premier and Cabinet Internal Audit and Compliance Committee. Cathy was appointed to the Audit Committee in 2006.

Lew Owens

As CEO of ETSA from 2005 to 2010, chairman of the Essential Services Commission of SA from 2002 to 2005, and current chairman of the SA Water Board, Lew brings unique expertise and experience, particularly around long-term asset management.

He is also chair of University of Adelaide Business School Advisory Board and a member of the Resources and Energy Sector Infrastructure Council. Lew has served on the Audit Committee since 2010.

BACKGROUND

The Audit Committee was formed in 2006 following the introduction of a requirement in the Local Government (Financial Management and Rating) Amendment Act 2005 making the establishment of an audit committee mandatory.

The City of Marion had laid the foundations for an Audit Committee with its work through the Australian Business Excellence Framework.

Key documents available on the council website marion.sa.gov.au/audit-committee

Audit Committee Policy

Audit Committee Terms of Reference

For more information, contact Kate McKenzie, manager governance, on 8375 6625 or by email on kate.mckenzie@marion.sa.gov.au

HOW DOES THE AUDIT COMMITTEE WORK?

OVERVIEW

The Audit Committee's overarching objective is to add value to council's operations by providing high-level, expert and independent professional advice.

This is achieved by analysing areas of council's operations at committee meetings and making recommendations to council via formal reports. This is supported by a verbal report from the councillor serving on the committee.

Advice and recommendations provided by the committee aims to inform council's decision making.

The Audit Committee does not have the authority to make decisions and is independent of management.

COMMITTEE MEETINGS

The Audit Committee meets at least quarterly and additional meetings can be convened if needed.

Council's chief executive officer is required to attend meetings on an ex-officio basis, as is the manager governance, who provides administrative support.

Meeting dates and times are scheduled by the Audit Committee and provided on the City of Marion website along with agendas and minutes.

Meetings typically last three hours, are open to the public, councillors and staff, and are usually held at:

City of Marion Administration Centre 245 Sturt Road, Sturt

BEST PRACTICE GOVERNANCE

Some key aspects of best practice are:

The Mayor is not permitted to chair the Audit Committee. This ensures independence and separation of duties as the committee reports to the Mayor as the principle of council

Management attends all meetings with the exception of when the Committee meets in confidence with the internal and external auditors. This practice allows for the Auditor to raise any matters directly with the Committee without Management or members of the public present.

Agendas and minutes from meetings are distributed to all councillors to close the communication loop

MEETING OPERATIONS

Agendas

Copies of agendas and reports are distributed to the Audit Committee and council prior to meetings and are available to the public on council's website marion.sa.gov.au

Agenda items are aligned to the Audit Committee Terms of Reference and cover:

Financial reporting and prudential requirements

Service Reviews to improve operational efficiency and the services we provide to the community

Internal controls and risk management

All matters considered by the internal auditor are put before the Audit Committee.

Councillors and the chief executive officer may also refer items to the committee that are within its Terms of Reference by contacting the manager governance.

Processes and procedures

The chairperson is an independent member appointed by the Audit Committee.

The committee's discussions and recommendations aim to provide oversight and support the City of Marion in achieving its objectives in an efficient and orderly manner.

The committee sets its own meeting practices and procedures within the Local Government Act 1999 and the Local Government (Procedures at Meetings) Regulations 2000.

Representatives of the external auditor and staff attend meetings as required to provide additional information and advice.

Reporting to council

Minutes of Audit Committee meetings are provided to General Council and are supported by a verbal report from the councillor serving on the committee.

Any recommendations made by the committee are listed as a separate agenda item at General Council meetings.

The committee also provides an Annual Report summarising its activities of the previous year to council each October.

FEES FOR INDEPENDENT MEMBERS

In order to attract people with the appropriate high-level experience and skills, sitting fees are paid to independent members to cover meeting attendance and preparation.

Councillors who serve on the committee do not receive an additional allowance.

“The Audit Committee supports council by providing an independent view of processes and controls within the City of Marion. It brings expertise and information about what is happening in the outside world - good bad and ugly. Having a councillor on the committee enables important communication with council.”

Cathy Cooper Independent member

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HOW CAN COUNCILLORS WORK WITH THE AUDIT COMMITTEE?

The Audit Committee comprises four members, three external representatives, and one councillor who is not the Mayor.

JOINING THE COMMITTEE

A councillor is appointed to the Audit Committee for 12 months each October following a vote at a General Council meeting. Councillors may nominate themselves at the meeting.

The councillor acts as a conduit between council and the Audit Committee and participates fully in meetings.

They also provide a verbal report to council to support the Audit Committee's minutes and its recommendations.

Councillors are not paid an additional allowance for attending Audit Committee meetings.

Skills required

Ideally, councillors will have experience in business, legal, audit or financial management and reporting.

Training and development can be provided to support councillors serving on the committee.

LIAISING WITH COUNCIL REPRESENTATIVE

Councillors can work with their representative on the Audit Committee to raise matters for the committee to consider, seek clarification on issues and ask for information.

Council can also formally request to raise matters with the committee.

ANNUAL WORKSHOP

A joint workshop between council and the Audit Committee is held each year.

This is an opportunity for council and the committee to work together on a key project.

Council's Long Term Financial Plan and its Risk Appetite have both been the focus of workshops.

ATTENDING MEETINGS

All councillors may attend Audit Committee meetings and are provided with the committee's agendas and minutes, including confidential items.

For more information, contact Kate McKenzie, manager governance, on 8375 6625 or by email on kate.mckenzie@marion.sa.gov.au

"The Audit Committee gives council access to ongoing expert strategic advice about running certain aspects of council business.

I found being on the committee a productive experience - especially when certain issues raised by myself or other councillors in the Chamber were also deemed of importance by members of the committee.

As a result of the Audit Committee members raising these same important issues, I found they were taken a lot more seriously.”

Jason Veliskou Councillor