

# **WRECK BAY ABORIGINAL COMMUNITY COUNCIL**

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## **Wreck Bay Aboriginal Community Council Audit Committee - Terms of Reference**

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The Audit Committee (Committee) is an advisory committee of the Wreck Bay Aboriginal Community Council (Council) and its purpose is to assist the Council Board.

The Terms of Reference (TOR) set out the role, responsibility and authority of the Committee.

The Board will appoint the Committee Chair and Committee members based on individual skills, insights and expertise.

### **1. Objective and Role.**

The role or objective of the Committee is to provide advice and assistance to the Board in relation to the efficient governance, financial and risk management of the Council, the ethical behaviour and the overall performance of Council. The Committee will achieve its objective by reviewing, advising and making recommendations to the Board on:

- the integrity of internal financial management, control and reporting systems;
- annual operating budget and associated reporting;
- systems for compliance with regulatory and contractual obligations in relation to financial management, risk management and external reporting;
- the appointment and performance of the external auditor;
- internal control systems;
- business and investment management policies and activities;
- the risk management system;
- the quality of internal and external reporting of financial and non-financial information; and
- the overall performance of Council.

### **2. Authority**

The Committee has no authority to make decisions on behalf of the Board except as set out in these TOR or otherwise delegated by Board. However, the Committee may approve action on routine business or on extraordinary matters that cannot or should not be delayed for decision until the next scheduled meeting of the Board. To facilitate Committee operations, the Committee:

- will oversee the appointment, remuneration and work of the external auditor, and approve all auditing and non-audit services;
- has access to relevant Council records including financial reports, information systems, risk management and compliance records and the external auditors;
- may investigate any matter within its terms of reference, and seek any information it requires from Council staff in order to conduct such investigations;
- may call for relevant members of staff to be present at a meeting of the Committee as required.

### **3. Composition and Term of Appointment**

The Committee will comprise a minimum of 6 people. The Committee may, as required from time to time, seek the services of other Directors or individuals outside the Board (at Council's expense as approved by the Board) with specific skills and experience to assist the Committee in undertaking specific tasks. The chair of the Committee must not also be the Board chair. The Board will review the term of appointment of Committee members annually.

### **4. Functions**

The Committee will perform its functions by developing and implementing processes governing financial management, risk management and compliance as set out below:

#### **4.1 Financial Management**

Review with management, assess and make recommendations to the Board on:

- The annual budget and its alignment with approved business plans or any significant variances against approved budget;
- the effectiveness of internal controls to manage unusual or major financial transactions and /or risks;
- the processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information; or the adequacy of internal and external financial reports, and the adequacy of internal control systems in relation to financial management and reporting;
- contracts, agreements or other instruments involving the financial affairs of Council;
- Guidelines and controls for all financial transactions to ensure transparency and accountability;
- review the annual financial statements before their presentation to the Board for approval;
- review the external auditor's management letter and the CEO response before submitting both to the Board;

#### **4.2 Risk Management and Compliance**

Periodically review with management, assess and make recommendations to the Board on:

- the effectiveness of internal process to monitor operational risks (e.g. legal, WHS, and information technology and systems) and to ensure appropriate strategies are in place to mitigate identified risks;

- risk appetite, risk policy and the risk management framework; Council Audit & Risk Committee TOR (2017) Page 3 o adequacy of insurance policies;
- periodically review the Councils delegated authority and recommend changes as appropriate;
- periodically review the appointment of the external auditor and recommend changes to the Board as appropriate;
- review the terms of the audit engagement and meet with external auditors to review results and discuss the adequacy and effectiveness of accounting and financial controls, including Council policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs;
- periodically review and recommend changes to the overall effectiveness of Council's compliance policies and programs.

## **5. Committee Operations**

The Committee will meet as frequently as required to carry out its functions but will meet not less than four times per year with no more than three months between meetings.

A quorum for Committee meetings will be 5 members one of whom is the Committee Chair. The Committee Chair should ascertain at the beginning of each meeting, any conflicts of interest and ensure details are recorded in the minutes of the meeting.

The Committee members must ensure that they understand Council structure, controls and types of transactions in order to adequately assess the significant risks faced by Council in its operating environment.

The proceedings of Committee meetings are to be minuted and included in all Board papers. Where a decision is required, a recommended resolution is to be included in the minutes of the Committee meeting, relevant report or written submission. The CEO or delegate will participate in all Committee meetings. Other staff will attend meetings as required and agreed by the Committee and CEO.

The Minutes of each Committee meeting will be tabled for Board Meetings and the Chair of the Committee will report at each Board Meeting.

The Chair of the Committee will provide a written annual report to the Board. For the purpose of supporting the independence of the Committee and its functions, the Committee will meet at least once annually with the external auditor without the presence of the CEO or other staff.

## **6. Review**

The Terms of Reference are to be reviewed by the Council Board every two years. The Committee may recommend changes at other times as appropriate.