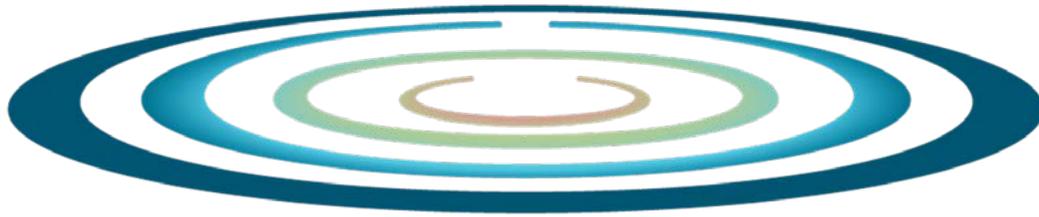


Gleneelg Hopkins



CMA

AUDIT AND RISK COMMITTEE TERMS OF REFERENCE

Policy No: BP.BO.8
Version No: V.14

Review Schedule

A&RCo to Endorse: **Yes: (D)**
Last Review: May 2022
Review Cycle: Annually
Next Review Due: May 2023
Responsible Officer: Executive Manager – Corporate Services
Review Notes: *The Audit and Risk Committee shall review and reassess the Terms of Reference at least annually and obtain the approval of the Board of Directors for any changes recommended. The Terms of Reference shall be reviewed formally at least every three years by the Board.*

Related Policies:

BP.BO.8.01	Internal Audit Terms of Reference
BP.BO.3	Payments to Members of Advisory Groups
BP.BO.11	Board Meetings & Decisions Policy
BP.BO.12	Board Directors' Code of Conduct
BP.CR.6	GHCMA Risk Management Framework and Plan
BP.HR.4	Board Conflict of Interest Policy

Related Procedures: OP.CR.07 Risk Management Procedure

Related Compliance *Standing Directions of the Minister for Finance 2018.
Code of Conduct for Directors of Victorian Public Entities*

Policy Approval and Revision:

Version 1:	May 2007	{Resolution No. 0986.00}
Version 2:	December 2008	{Resolution No. 1150.00}
Version 3:	November 2009	{Resolution No. 1246.00}
Version 4:	May 2010	{Resolution No. 1311.00}
Version 5:	September 2011	{Resolution No. 1454.00}
Version 6:	October 2013	{Resolution No. 1698.00}
Version 7:	May 2014	{Resolution No. 1762.00}
Version 8:	May 2015	{Resolution No: 1855.00}
Version 9:	21 April 2016	{Resolution No: 1929.00}
Version 10:	17 Nov 2016	{Resolution No: 1987.00}
Version 11:	14 Dec 2017	{Resolution No. 2094.00}
Version 12:	29 May 2019	{Resolution No. 2210.00}
Version 13:	27 May 2020	{Resolution No. 2315.00}
Version 14:	25 May 2022	{Resolution No. 2456.00}

CHAIRPERSON

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Aim

These Terms of Reference govern the operations of the Audit and Risk Committee and aim to provide clear guidelines to its members.

Purpose

The Audit and Risk Committee is an Advisory Committee of the Glenelg Hopkins Catchment Management Authority.

The primary objective of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its corporate governance and oversight responsibilities (including decision making) in relation to:

- Financial reporting
- Management of risk
- System of internal controls
- Internal and External Audit functions
- Monitoring compliance with Statutory Obligations
- Monitoring compliance as outlined in the Standing Directions of the Minister of Finance 2016.

In addition, the Committee is to assist the Board in fulfilling its responsibilities in relation to compliance by the organisation with legal and contractual obligations and to advise on any matters of financial or regulatory significance which may be referred to it from time to time.

Authority

The Board authorises the Audit and Risk Committee, within the scope of its responsibilities and budget to:

- Perform activities within its Terms of Reference
- Seek any information it requires from the management, Internal and External Audit, external parties
- Obtain outside legal and other professional advice to assist in undertaking its oversight responsibilities, where the likely cost would exceed their budget a recommendation be made to the Board
- Ensure attendance of relevant officer/s at meetings as appropriate
- Resolve any disagreements between management and the internal and external auditors.

The Audit & Risk Committee does not have authority to make decisions on behalf of the Board.

Values

The Audit & Risk Committee will conduct itself in accordance with the code of values and ethics of the organisation and the Glenelg Hopkins CMA Board Directors' Code of Conduct.

Structure

The structure of the Audit and Risk Committee will be as follows:

- Membership
 - The Committee will be comprised of a minimum of five members, three of whom are to be Board Directors and two of whom are independent members.
 - All members of the Committee will be appointed by the Board.
 - The following persons must be excluded from membership: Accountable Officer, CFO and Internal Auditors.

- Membership – Duration of Appointment
 - Board Directors will be appointed for a two or four -year term of office in line with their term on the Board.
 - Independent members will be appointed for a three-year term and should be staggered where practicable.
 - Unless otherwise determined by the Board, the duration of appointments of independent members shall be for a period of up to two (2) terms.
 - Independent members may be extended by the Board for additional terms based on re-application in order to minimise the loss of knowledge of the CMA's business that may occur on change of membership.
- Member Skills
 - Each member must have and maintain a number of skills including for example, basic financial literacy, relevant industry knowledge and business experience
 - At least one member shall have accounting and/or related financial management expertise.
- Chair
 - The Chair of the committee must be an independent member; and not the Chairperson or a Director of the CMA Board
- Remuneration
 - The remuneration for the independent members will be in accordance with the Payments to Members of Advisory Groups policy.
- Induction
 - New members are provided with all relevant and necessary information.

Proceedings of Meetings

- Frequency of Meetings
 - The Committee shall meet at least four times a year and otherwise as required
- Quorum
 - A quorum for any meeting will be three members, provided at least one independent member is in attendance
- Attendees
 - In addition to Committee members, the following will be invited to attend Committee meetings as frequently as the Committee deems necessary:
 - a) Committee Executive Officer
 - b) Chief Executive Officer
 - c) Chief Finance Officer
 - d) Risk & Compliance Officer
 - e) Internal & External Audit representatives
 - f) Administrative Officer
 - g) General counsel
- Resolutions to move motions
 - The Committee shall reach decisions by general consensus, or if a consensus can't be reached, by a majority of votes from the members present. If number of votes for and against are equal, the Committee Chair shall have a casting vote.
- Administration
 - Minutes of meetings will be kept in accordance with BP.BO.11 Board Meetings & Decisions Policy, and shall be circulated to the Board
 - Meeting agenda and supporting documents will be made available at least five working days in advance of each meeting

Avoid and Manage Conflicts of Interest

At the start of each Committee Meeting the Chair will ask if any Committee member has an interest (i.e. a private interest or a duty to another organisation) in respect to any matter on the Agenda. If a Committee Member has an interest, he or she will declare it, including the nature of the interest and the conflict that results, or may result from it.

If the Chair or a Committee Member becomes aware that another Committee Member may have an undeclared interest, he/she will raise the matter immediately, so the Committee Member can declare the interest, if it exists.

If the Chair has an interest, the Chair will declare it to the Committee.

The process for 'determining whether a conflict is material' and how to manage a conflict will be consistent with the recommended procedure for managing a conflict outlined in BP.HR.4.

Relationships and Access

Sufficient opportunity shall be provided for Internal and External Auditors to meet the Committee without the presence of management.

The Committee shall provide an open line of communication between internal auditors, the external auditors, and the Board of Directors. In performing its duties, the Audit and Risk Committee will maintain effective working relationships with the Board of Directors, management and the Internal and External Auditors.

Core Operational Principles & Responsibilities

General

The Audit & Risk Committee are obliged to prepare for and to participate in Committee meetings.

The Audit and Risk Committee shall ensure it understands the organisations structure, controls, and types of transactions in order to adequately assess the significant risks faced by the organisation in the current environment.

The Audit and Risk Committee shall prepare and submit an annual report on its activities to the Board

The Chair of the Audit and Risk Committee shall meet at least annually with the Board.

Orientation and Training

Committee members will receive formal orientation training on the purpose and mandate of the Committee and on the organisation's objectives. A process of continuing education will be established.

Work Plan

The Committee Chair will collaborate with senior management to establish a Work Plan to ensure that the responsibilities of the Committee are scheduled and carried out

Financial Reporting

The Audit and Risk Committee shall oversee the financial reporting processes:

- The periodic financial reporting process implemented by management, the review of interim financial statements, annual financial statements and preliminary announcements before release
- The areas of financial risk and how these are managed

Governance

The Audit and Risk Committee shall assist and advise the Board on governance and in particular:

- Significant accounting and reporting issues and their impact on the organisation

- The review of all Board policies and procedures and provide recommendations for change or re-endorsement as appropriate
- The schedule of reporting to ensure its adequacy for appropriate governance and risk management
- The register of strategies to ensure that details of key strategies, date of service, date of review, purpose and responsible staff member or position are maintained
- The process and timelines for development of the Corporate Plan and Annual Report
- Reviewing and monitoring compliance with the *Financial Management Act 1994* (FMA), these Directions and the Instructions, and advise the Responsible Body on the level of compliance attained; and
- Reviewing and monitoring remedial actions taken to address Compliance Deficiencies.

Risk Management

The Audit and Risk Committee shall fulfil its responsibilities as outlined in the Risk Management Policy, including:

- Assess the significant risk faced by the organisation in the current environment with consideration of the organisation's structure, controls and types of transactions
- Facilitate the review of risk management guidelines and ensure that operating risks are minimised
- Review the policy for the oversight and management of business risks
- Monitor and report on managements overall Risk Management Strategy, including establishment, implementation, monitoring and performance
- Review and monitor the exception reporting on high risk treatment plans provided from management at regular committee meetings
- Completion of the annual risk attestation checklist, from the Risk Management Framework.
- Reviewing information in the report of operations on financial management, performance and sustainability before it is released to Parliament by the Responsible Minister.

Other responsibilities

Institute and oversee special investigations as needed (e.g. issues of fraud or corruption).

Internal Audit

The Audit and Risk Committee will:

- Implement the Internal Audit Charter
- Review and approve the Internal Audit Plan, its scope and progress
- Review the proposed Internal Audit Plan for the coming year ensuring it covers key risks.
- Ensure significant findings and recommendations made by the Internal Auditors are discussed, with an agreed course of action taken and reported to the Board
- Review the effectiveness of the Internal Audit function; including its quality control procedures
- Meet separately with the Internal Auditors to discuss any matters that the Audit and Risk Committee believes should be kept in-camera
- Facilitate the review of the performance of the Internal Audit, and make recommendations regarding the appointment, re-appointment or dismissal of the Internal Audit function
- Evaluate the effectiveness and appropriateness of the audit resources
- Review the Internal Audit Charter and make recommendations for change or re-endorsement as appropriate
- Ensure any recommendations made by the Internal Auditor and have been accepted by Management and have been implemented.

External Audit

The Audit and Risk Committee will:

- Discuss with the External Auditor the overall scope of the External Audit, including identified risk areas and any additional agreed upon procedures
- Meet annually with the External Auditor to discuss the External Audit significant findings and recommendations and any matters that the Audit and Risk Committee and Auditors consider relevant
- Ensure any recommendations made by the External Auditor have been implemented by Management
- Communicate any views to VAGO with respect to the appointment and performance of the External Audit.

Internal controls

The Audit and Risk Committee will:

- Evaluate the processes in place for assessing the effectiveness and efficiency of, and continuously improve, internal controls, including information systems, particularly those related to areas of significant risk
- Evaluate the effectiveness and appropriateness of the audit resources
- Monitor the organisation's systems to prevent and respond to fraud.

Compliance

The Audit and Risk Committee will:

- Ensure an appropriate compliance framework is in operation
- Monitor systems for compliance with all policies, best practice guidelines and contractual arrangements.

Evaluation

The Audit and Risk Committee shall evaluate its performance annually and report on its evaluation to the Board.

Review of Terms of Reference

The Audit and Risk Committee shall review and reassess the Terms of Reference at least annually and obtain the approval of the Board of Directors for any changes recommended. The Terms of Reference shall be reviewed formally at least every three years by the Board.

End.