

**ADELAIDE HILLS COUNCIL
ORDINARY COUNCIL MEETING
Tuesday 23 January 2018
CONFIDENTIAL AGENDA BUSINESS ITEM**

Item: 19.1

Originating Officer: Lachlan Miller, Executive Manager Governance and Performance

Responsible Director: Terry Crackett, Director Corporate Services

Subject: CEO Performance Review Panel and Audit Committee Independent Member Appointments

For: Decision

1. CEO Performance Review Panel and Audit Committee Independent Member Appointments – Exclusion of the Public

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- CEO, Andrew Aitken
- Director Engineering & Assets, Peter Bice
- Director Strategy & Development, Marc Salver
- Director Corporate Services, Terry Crackett
- Director Community & Customer Service, David Waters
- Executive Manager Governance & Performance, Lachlan Miller
- Executive Manager Organisational Development, Megan Sutherland
- Minute Secretary, Pam Williams

be excluded from attendance at the meeting for Agenda Item 19.1: (CEO Performance Review Panel and Audit Committee Independent Member Appointments) in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3) (a) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), because it would disclose the personal details of candidates who have expressed an interest to be on the CEO Performance Review Panel and the Audit Committee.

Accordingly, on this basis the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information and discussion confidential.

2. CEO Performance Review Panel and Audit Committee Independent Member Appointments – Confidential Item

SUMMARY

Council utilises its Section 41 Committees (Council Committees) to provide advice to and exercise delegations on behalf of the Council which collectively contribute to the achievement of Council's goals and strategies and discharge of its legislative obligations.

In accordance with their respective Terms of Reference, the Council Committees (which are the subject of this report) consist of the following:

- CEO Performance Review Panel (CEOPRP) - five members comprising of the Mayor and Deputy Mayor, two Council Members and one Independent Member (**Appendix 1**).
- Audit Committee - five members comprising three independent members and two Council Members (**Appendix 2**).

Council resolved on 26 September 2017 to commence the recruitment process for the Independent Members. Further Council resolved for the respective Council Committee selection panels to comprise of two Council Members for each panel.

Expressions of interest for membership were advertised, these expressions were assessed and a selection process undertaken.

The purpose of this report is to present the respective selection panel recommendations with a view to Council making appointments to the Independent Member roles.

RECOMMENDATION

Council resolves:

- 1. That the report be received and noted**
 - 2. To appoint Paula Davies to the CEO Performance Review Panel for a term to commence immediately until 30 November 2020 (inclusive).**
 - 3. That in relation to the Audit Committee Independent Membership:**
 - a. To appoint Peter Brass to the position of Independent Member for a term to commence immediately until 30 November 2019 (inclusive).**
 - b. To appoint Geoff Purdie to the position of Independent Member for a term to commence immediately until 30 November 2019 (inclusive).**
 - c. To appoint Paula Davies to the position of Independent Member for a term to commence immediately until 30 November 2020 (inclusive).**
 - 4. To appoint as the Audit Committee Presiding Member for a term to commence immediately until 30 November 2018 (inclusive)**
-

1. GOVERNANCE

➤ Strategic Management Plan/Council Policy

Goal	Organisational Sustainability
Strategy	Financial sustainability / Governance

As an organisation we strive for accountable and strategic decision making. We seek to consistently meet our financial sustainability targets. Council is committed to open, participative and transparent decision making and administrative processes. We diligently adhere to legislative requirements to ensure public accountability.

➤ Legal Implications

Section 41 of the *Local Government Act 1999* (the Act) sets out the processes for the establishment of council committees. These committees may be formed to assist council in the performance of its functions; to enquire into matters; to provide advice to council and to exercise delegated powers functions and duties.

Committees operate under the same (or similar) requirements to Council in terms of conduct of meetings, management of interests, etc.

Audit Committee

Section 128 of the Act prescribes that a council must have an audit committee to fulfil the functions set out in that section. Regulation 17(1)(b) of the *Local Government (Financial Management) Regulations 2011* requires that the audit committee must include at least one person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of an audit committee (i.e. an independent member).

Regulation 17 of the *Local Government (Financial Management) Regulations 2011* provides that the audit committee of a council:

- a) must have between 3 and 5 members (inclusive); and
- b) must include 1 person who is not a member of the council and who is determined by the council to have financial experience relevant to the functions of an audit committee; and
- c) must not include, as a member, the council's auditor under Section 128 of the Act.

CEOPRP

There are no specific legislative requirements for CEO performance review committees.

Register of Interests

Chapter 5, Part 4, Division 2 of the Act sets out the provisions relating to the Register of Interests. Sections 65 and 66 set out the provisions regarding the completion of primary and ordinary returns to populate the Register of Interests (under s68). At its 26 September meeting Council resolved that the provisions of Division 2 will apply to members of committees (i.e. Independent Members) from the commencement of their term.

➤ **Risk Management Implications**

The selection of members and presiding members for s41 committees will assist in mitigating the risk of:

Poor governance practices occur which lead to a loss of stakeholder (i.e. customer and regulator) confidence and/or legislative breaches.

Inherent Risk	Residual Risk	Target Risk
Extreme (5C)	Medium (3D)	Medium (3D)

Note that there are many other controls that are in place to mitigate this risk.

➤ **Financial and Resource Implications**

The costs specifically associated with this report relate to the payment of Independent Member sitting fees and Presiding Member allowances. The costs have been incorporated in the adopted budget.

➤ **Customer Service and Community/Cultural Implications**

It is reasonable to assume that the community could expect Council to have a number of committees to provide specialist advice and consideration of matters to assist the Council to discharge its responsibilities.

➤ **Environmental Implications**

Not applicable.

➤ **Engagement/Consultation conducted with Council Committee, Regional Subsidiary, Advisory Group, the Administration and Community**

Council Committees: Not Applicable.

Council Workshops: Not Applicable

Advisory Groups: Not Applicable

Administration: Not Applicable

Community: Not Applicable

2. BACKGROUND

The terms of the Independent Members for the CEOPRP and Audit Committee concluded in November 2017.

Council resolved at the meeting on 26 September 2017 regarding membership and recruitment of independent members of both the CEOPRP and Audit Committee that:

12.9.4 CEO Performance Review Panel – Recruitment of Independent Member

Moved Cr Malcolm Herrmann 218/17
S/- Cr John Kemp

Council resolves, in relation to the Chief Executive Officer Performance Review Panel,

1. To commence a recruitment process for the selection of an Independent Member of the Panel for a term of thirty-six (36) months.
2. Under Section 72, to determine that Chapter 5, Part 4, Division 2 of the *Local Government Act 1999* regarding the Register of Interests applies to CEO Performance Review Panel Independent Member from the commencement of the next membership term.
3. To determine the sitting fees for CEO Performance Review Panel Independent Member for the next membership term to be as follows:
 - a. Presiding Member - \$525 (excl GST) per meeting
 - b. Ordinary Member - \$380 (excl GST) per meeting
 - c. Authorised Training - \$75 (excl GST) per hour of training attended excluding travel time but with a travel allowance being paid at the standard Council rate
4. To appoint Cr Ian Bailey and Cr Jan Loveday as members of the CEO Performance Review Panel Independent Member Selection Panel.

Carried Unanimously

12.9.1 Membership of Audit Committee

Moved Cr Linda Green 215/17
S/- Cr Lynton Vonow

Council resolves:

That in relation to the Audit Committee:

- a. To appoint Paula Davies to the position of Presiding Member for a term to commence immediately until 30 November 2017 (inclusive)
- b. To commence a recruitment process for the selection of Independent Members for the Audit Committee for two (2) terms of twenty-four (24) months and one (1) term of thirty-six (36) months, commencing 1 December 2017
- c. Under Section 72, to determine that Chapter 5, Part 4, Division 2 of the *Local Government Act 1999* regarding the Register of Interests applies to Audit Committee Independent Members from the commencement of the next membership term
- d. To determine the sitting fees for Audit Committee Independent Members for the next membership term to be as follows:

- i. **Presiding Member - \$525 (excl GST) per meeting.**
 - ii. **Ordinary Member - \$380 (excl GST) per meeting.**
 - iii. **Authorised Training - \$75 (excl GST) per hour of training attended excluding travel time but with a travel allowance being paid at the standard Council rate.**
- e. **To appoint Cr John Kemp and Cr Jan Loveday as members of the Audit Committee Independent Member Selection Panel.**

Carried Unanimously

In accordance with their respective Terms of Reference, the Council Committees consist of the following:

- CEO Performance Review Panel (CEOPRP) – five members comprising of the Mayor and Deputy Mayor, two Council Members and one Independent Member.
- Audit Committee – five members comprising three independent members and two Council Members.

Expressions of interest for membership were advertised, these expressions were assessed and a selection process undertaken.

3. ANALYSIS

CEO Performance Review Panel Independent Member

The Selection Panel for the CEOPRP comprised of Crs Jan Loveday and Ian Bailey.

Two expressions of interest were received for the one CEOPRP Independent Member role.

A selection process was conducted by the Selection Panel, including fit with roles and functions of the Panel (as stated in the Terms of Reference) and with consideration to the diversity of the members (clause 5.5). The Selection Panel unanimously deciding to recommend Paula Davies for appointment as the Independent Member on the CEO Performance Review Panel.

Paula Davies brings a background of formal education in law, economics and psychology. She has extensive public, private and community legal experience. This includes a period with the Office of the State Ombudsman (SA). She has board experience on a range of professional association and community organisation boards. Paula has also been a part of the AHC Audit Committee from 2014-17 and was Presiding Member in 2017. Paula has provided advice to the CEO Performance Review Panel as the Independent Member for the period 2014-17.

Audit Committee Independent Members

The Selection Panel for the Audit Committee comprised of Crs Jan Loveday and John Kemp.

Ten expressions of interest were received for the three Independent Member roles.

A selection process was conducted by the Selection Panel, including fit with roles and functions of the Panel (as stated in the Terms of Reference) and with consideration to the diversity of the members (clause 5.5). The Selection Panel unanimously deciding to recommend Peter Brass, Paula Davies and Geoff Purdie for appointment as the Independent Members on the Audit Committee.

The profiles of the recommended candidates are as follows:

- Peter Brass holds professional qualifications in accounting and risk management. He has received national awards for his risk management expertise and held positions on national professional boards in the fields of risk management, internal audit and governance. Peter has extensive experience on local government audit committees in both a presiding and ordinary member capacity including ten years on the AHC Audit Committee. In addition to general executive management experience more recently Peter has held senior risk management and internal audit and financial management roles in the private and public sectors.
- Paula Davies (see above).
- Geoff Purdie holds accounting qualifications and is a CPA. He has had considerable experience in financial management roles and, more recently, as an internal auditor across a range of industries. Geoff was a member of the Adelaide Hills Council from 2006-10 and a member of the Audit Committee during that time. He currently holds a number of community board positions.

Geoff's previous experience as a Council Member has been considered in terms of the independence required in the role and given that over seven years have passed since being a Council Member, it is not considered that his independence has been impaired.

In its approval to commence recruitment to the Audit Committee (see above resolution) Council resolved that the terms of the Independent Members would be staggered to more effectively manage continuity and renewal as such two appointments will be for two years and one appointment for three years. The recommendations in this report mirror this requirement.

Audit Committee Presiding Member

The previous Audit Committee TOR provided for the Committee to appoint the Presiding Member. In the last term of membership the Independent Members rotated through the Presiding Member role on an annual basis synchronised with the Annual Financial Statements.

The current TOR (clause 7.1) provides that Council will appoint the Presiding Member. All members of the Committee are eligible for this role.

4. OPTIONS

Council has the following options:

- I. The Council can elect to support the recommendation for the Independent Member appointments. (Recommended)
- II. The Council can elect not to support the recommendation for the Independent Member appointments. This decision would require advertising again for a(n) Independent Member(s) and further interviews to be undertaken. (Not Recommended)

5. APPENDICES

- (1) CEO Performance Review Panel Terms of Reference
- (2) Audit Committee Terms of Reference

Appendix 1

CEO Performance Review Panel Terms of Reference

ADELAIDE HILLS COUNCIL

CEO Performance Review Panel



TERMS OF REFERENCE

1. ESTABLISHMENT

- 1.1 The CEO Performance Review Panel (the Panel) of Council is established under Section 41 of the *Local Government Act 1999* (the Act).
- 1.2 The Panel does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Panel does not have any management functions and is therefore independent from management.

2. ROLE

- 2.1 The Council is responsible for the selection, remuneration and management of the Chief Executive Officer (CEO). The overall role of the Panel is to provide advice to Council on matters relating to the performance and development of the CEO.

3. SPECIFIC FUNCTIONS

- 3.1 The function of the Panel is to provide advice to Council on the CEO's performance and development, including the following matters:
 - 3.1.1 Determining the Performance Targets for the forthcoming 12 month performance period;
 - 3.1.2 Monitoring the progress on the CEO's agreed Performance Targets for the current 12 month performance period;
 - 3.1.3 Reviewing the CEO's performance over the preceding 12 month performance period, in particular the performance against the agreed Performance Targets and position description requirements;
 - 3.1.4 Identifying development opportunities for the CEO; and
 - 3.1.5 Reviewing the remuneration and conditions of employment of the CEO.

4. OTHER MATTERS

The Panel shall:

- 4.1 Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's Budget;
- 4.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

- 4.3 Give due consideration to laws and regulations of the Act;
- 4.4 Where the Panel is required to act jointly with or to obtain the concurrence of the CEO in the performance of its functions, the Council expects that both parties will negotiate and consult in good faith to achieve the necessary objectives; and
- 4.5 At least once in its term, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

5. MEMBERSHIP

- 5.1 The Panel will comprise five (5) members as follows:
 - 5.1.1 Mayor and Deputy Mayor;
 - 5.1.2 Two (2) Council Members ; and
 - 5.1.3 One (1) Independent Member.
- 5.2 All members of the Panel will be appointed by the Council.
- 5.3 The Independent Member of the Panel shall have recent and relevant skills and experience in fields related to the role and functions of the Panel.
- 5.4 It is desirable for the Council Members to be appointed to the Panel to have a sound understanding of the role and functions of the Panel.
- 5.5 In considering appointments to the Panel, Council should give consideration to the diversity of the membership.
- 5.6 Appointments to the Panel shall be for a period of up to three (3) years.
- 5.7 Members of the Committee are eligible for reappointment at the expiration of their term of office.

6. SITTING FEES

- 6.1 The applicable Remuneration Tribunal (or its successor) Determination outlines the applicable allowance for Council Members on the Panel.
- 6.2 The Independent Member is to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

7. PRESIDING MEMBER

- 7.1 The Council will appoint the Presiding Member of the Panel.
- 7.2 The Council authorises the Panel to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Panel to make the appointment to that position for a term determined by the Panel.
- 7.3 If the Presiding Member of the Panel 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 of the Panel are absent from a meeting of the Panel, then a member of the Panel chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.

7.4 The role of the Presiding Member includes:

7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the *Local Government (Procedures at Meetings) Regulations 2013* (the Regulations); and

7.4.2 Ensuring all Panel members have an opportunity to participate in discussions in an open and encouraging manner.

8. REPORTING RESPONSIBILITIES

8.1 For the purposes of Section 41(8) of the Act, the Panel's reporting and accountability requirements are:

8.1.1 The minutes of each Panel meeting will be included in the agenda papers of the next ordinary meeting of the Council;

8.1.2 The Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Panel;

8.1.3 The panel shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and

8.1.4 The Presiding Member may attend a Council meeting at any time that the Presiding Member sees fit to discuss any issue or concern relating to the Panel's functions. Depending on the nature of the matter, this may be held in confidence in accordance with Section 90 of the Act and staff may be requested to withdraw from the meeting.

9. MEETING PROCEDURE

9.1 Meeting procedure for the Panel is as set out in the Act, Parts 1, 3 and 4 of the Regulations. 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 Panel, the Panel may determine its own procedure.

9.2 In accordance with Section 90(7a), one or more panel members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Panel members.

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

9.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the Panel.

10. SECRETARIAL RESOURCES

- 10.1 The Chief Executive Officer shall provide sufficient administrative resources to the Panel to enable it to adequately carry out its functions.

11. FREQUENCY OF MEETINGS

- 11.1 The Panel shall meet at appropriate times and places as determined by the Panel. A special meeting of the Committee may be called in accordance with the Act.
- 11.2 If after considering advice from the CEO or delegate, the Presiding Member of the Panel is authorised to cancel the respective Panel meeting, if it is clear that there is no business to transact for that designated meeting.

12. NOTICE OF MEETINGS

- 12.1 Notice of the meetings of the Panel will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:

12.1.1 To members of the Panel by email or as otherwise agreed by Panel members at least 3 clear days before the date of the meeting; and

12.1.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

12.2 PUBLIC ACCESS TO MEETINGS & DOCUMENTS

- 12.3 Members of the public are able to attend all meetings of the Panel, unless prohibited by resolution of the Panel under the confidentiality provisions of Section 90 of the Act.
- 12.4 Members of the public have access to all documents relating to the Panel unless prohibited by resolution of the Panel under the confidentiality provisions of Section 91 of the Act.

13. MINUTES OF MEETINGS

- 13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Panel, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.
- 13.2 Minutes of Panel meetings shall be circulated within five days after a meeting to all members of the Panel and will (in accordance with legislative requirements) be available to the public.

Appendix 2

Audit Committee Terms of Reference

ADELAIDE HILLS COUNCIL

Audit Committee



TERMS OF REFERENCE

Effective from 1 September 2017

1. ESTABLISHMENT

- 1.1 The Audit Committee (the Committee) of Council is established under Section 41 of the *Local Government Act 1999* (the Act), for the purposes of Section 126 of the Act and in compliance with regulation 17 of the *Local Government (Financial Management) Regulations 2011*.
- 1.2 The Audit Committee does not have executive powers or authority to implement actions in areas which management has responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and is therefore independent from management.

2. ROLE

- 2.1 The overall role of the Audit Committee will be to assist Council to accomplish its objectives by monitoring and providing advice on the adequacy and effectiveness of the systems and processes regarding financial management and reporting, internal control and risk management, internal audit and governance functions through the following functions:

3. SPECIFIC FUNCTIONS

- 3.1 Financial Reporting and Prudential Requirements

The Committee shall:

- 3.1.1 Provide comment on the assumptions underpinning Council's Strategic Management Plans (Strategic Plan, Annual Business Plan and Budget and Long Term Financial Plan), the consistency between plans and the adequacy of Council's plans in the context of maintaining financial sustainability;
- 3.1.2 Review and provide advice to Council on the degree to which the annual financial statements present fairly the state of affairs of the Council;
- 3.1.3 Monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.;
- 3.1.4 Review and challenge where necessary:
 - 3.1.4.1 The consistency of, and/or any changes to, accounting policies;
 - 3.1.4.2 The methods used to account for significant or unusual transactions where different approaches are possible;
 - 3.1.4.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

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

3.1.4.5 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);

3.1.5 Review prudential reports prepared under Section 48(1) of the Act and provide advice to Council, upon request, on other prudential matters.

3.2 Internal Controls and Risk Management Systems

The Committee shall:

3.2.1 Ensure that appropriate policies, practices and procedures of internal control (and other financial and risk management systems) are implemented, reviewed and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives;

3.2.2 Review Council's risk management framework and monitor the performance of Council's risk management program;

3.2.3 Monitor the corporate risk profile and significant risk exposures for the organisation to ensure that there are appropriate management plans to manage and mitigate this business risk; and

3.2.4 Ensure an appropriate legislative compliance framework exists to identify risks and controls over compliance with applicable legislation and regulations.

3.3 Whistle blowing

The committee shall:

3.3.1 Review annually the Council's Whistleblower Protection Policy

3.3.2 Provide recommendations to Council regarding the Whistleblower Protection Policy to ensure that:

3.3.2.1 There are adequate arrangements for Council employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and

3.3.2.2 The policy allows independent investigation of such matters and appropriate follow-up action in a manner that is in accordance with the Independent Commissioner Against Corruption Act 2012 and Regulations 2013.

3.4 Internal Audit

The Committee shall:

- 3.4.1 Monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system;
- 3.4.2 Consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 3.4.3 Review all reports on the Council's operations from the internal auditors;
- 3.4.4 Review and monitor management's responsiveness to the findings and recommendations of the internal auditor; and
- 3.4.5 Where appropriate, meet the "head" of internal audit (internal or outsourced) at least once a year, without management being present, to discuss any issues arising from the internal audits carried out. In addition, the head of internal audit shall be given the right of direct access to the Principal Member of the Council and to the Presiding Member of the committee.

3.5 External audit

The Committee shall:

- 3.5.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council'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;
- 3.5.2 Oversee Council's relationship with the external auditor including, but not limited to:
 - 3.5.2.1 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;
 - 3.5.2.2 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;
 - 3.5.2.3 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
 - 3.5.2.4 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);

- 3.5.2.5 Monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
 - 3.5.2.6 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);
 - 3.5.3 Meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;
 - 3.5.4 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;
 - 3.5.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:
 - 3.5.5.1 a discussion of any major issues which arose during the external audit;
 - 3.5.5.2 any accounting and audit judgements; and
 - 3.5.5.3 Levels of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.
 - 3.5.6 Review any representation letter(s) requested by the external auditor before they are signed by management;
 - 3.5.7 Review the management letter and management's response to the external auditor's findings and recommendations.
- 3.6 Economy and Efficiency Audits
- The Committee shall:
- 3.6.1 Propose and review the exercise of powers under Section 130A of the Act; to examine and report on any matter relating to financial management, or the efficiency and economy with which the council manages or uses its resources to achieve its objectives,
- 3.7 Service Improvement
- The Committee shall:
- 3.7.1 Monitor the benefits achieved through Council's Service Improvement Program with a focus on efficiency and effectiveness.

4. OTHER MATTERS

The Committee shall:

- 4.1 Have access to reasonable resources in order to carry out its duties, recognising the constraints within Council's Budget;
- 4.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 4.3 Give due consideration to laws and regulations of the Act;
- 4.4 Make recommendations on co-ordination of the internal and external auditors;
- 4.5 Oversee any investigation of activities which are within its terms of reference;
- 4.6 Oversee action to follow up on matters raised by the external and internal auditors;
- 4.7 Invite Council's external auditors and internal auditors to attend meetings of the Committee, as considered appropriate; and
- 4.8 At least once in its term, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to the Council for approval.

5. MEMBERSHIP

- 5.1 The Committee will comprise 5 members as follows:
 - 5.1.1 Three (3) Independent Members; and
 - 5.1.2 Two (2) Council Members
- 5.2 All members of the Committee will be appointed by the Council.
- 5.3 Independent Member(s) of the Committee shall have recent and relevant skills and experience in professions such as, but not limited to accounting, financial management, risk management, law, compliance, internal audit and governance.
- 5.4 It is desirable for the Council Members to be appointed to the Committee to have a sound understanding of financial management, risk management and governance.
- 5.5 In considering appointments to the Committee, Council should give consideration to the diversity of the membership.
- 5.6 Appointments to the Committee shall be for a period of up to three (3) years.
- 5.7 Members of the Committee are eligible for reappointment at the expiration of their term of office.
- 5.8 The terms of appointment of the Independent Members should be arranged to ensure the orderly rotation and continuity of membership despite changes to the composition of the Council.

6. SITTING FEES

- 6.1 The applicable Remuneration Tribunal (or its successor) Determination outlines the applicable allowance for Council Members on the Committee.
- 6.2 The Independent Members are to be paid a sitting fee as determined by Council for attendance at meetings and authorised training sessions. Council may determine a higher sitting fee for the presiding member.

7. PRESIDING MEMBER

- 7.1 The Council will appoint the Presiding Member of the Committee.
- 7.2 The Council authorises the Committee to determine if there will be a Deputy Presiding Member of the Committee and, if so, authorises the Committee to make the appointment to that position for a term determined by the Committee.
- 7.3 If the Presiding Member of the Committee 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 of the Committee are absent from a meeting of the Committee, then a member of the Committee chosen from those present will preside at the meeting until the Presiding Member (or Deputy Presiding Member, if relevant) is present.
- 7.4 The role of the Presiding Member includes:
 - 7.4.1 overseeing and facilitating the conduct of meetings in accordance with Act and the *Local Government (Procedures at Meetings) Regulations 2013* (the Regulations);and
 - 7.4.2 Ensuring all Committee members have an opportunity to participate in discussions in an open and encouraging manner.

8. REPORTING RESPONSIBILITIES

- 8.1 For the purposes of Section 41(8) of the Act, the Committee's reporting and accountability requirements are:
 - 8.1.1 The minutes of each Committee meeting will be included in the agenda papers of the next ordinary meeting of the Council;
 - 8.1.2 The Presiding Member will attend a meeting of the Council at least once per annum to present a report on the activities of the Committee;
 - 8.1.3 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its terms of reference where in its view action or improvement is needed; and
 - 8.1.4 The Presiding Member may attend a Council meeting at any time that the Presiding Member sees fit to discuss any issue or concern relating to the Committee's functions. Depending on the nature of the matter, this may be held in confidence in accordance with Section 90 of the Act and staff may be requested to withdraw from the meeting.

9. MEETING PROCEDURE

- 9.1 Meeting procedure for the Committee is as set out in the Act, Parts 1, 3 and 4 of the Regulations. 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 Committee, the Committee may determine its own procedure.
- 9.2 In accordance with Section 90(7a), one or more Committee members may participate in the meeting by telephone or other electronic means provided that members of the public can hear the discussion between all Committee members.
- 9.3 Only members of the 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.
- 9.4 Council Employees may attend any meeting as observers or be responsible for preparing papers for the committee.

10. SECRETARIAL RESOURCES

- 10.1 The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

11. FREQUENCY OF MEETINGS

- 11.1 The Committee shall meet at least four times a year at appropriate times and places as determined by the Committee. A special meeting of the Committee may be called in accordance with the Act.
- 11.2 If after considering advice from the CEO or delegate, the Presiding Member of the Committee is authorised to cancel the respective Committee meeting, if it is clear that there is no business to transact for that designated meeting.

12. NOTICE OF MEETINGS

- 12.1 Notice of the meetings of the Committee will be given in accordance with Sections 87 and 88 of the Act. Accordingly, notice will be given:
- 12.1.1 To members of the Committee by email or as otherwise agreed by Committee members at least 3 clear days before the date of the meeting; and
- 12.1.2 To the public as soon as practicable after the time that notice of the meeting is given to members by causing a copy of the notice and agenda to be displayed at the Council's offices and on the Council's website.

12.2 PUBLIC ACCESS TO MEETINGS & DOCUMENTS

- 12.3 Members of the public are able to attend all meetings of the Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 of the Act.
- 12.4 Members of the public have access to all documents relating to the Committee unless prohibited by resolution of the Committee under the confidentiality provisions of Section 91 of the Act.

13. MINUTES OF MEETINGS

- 13.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the Regulations.
- 13.2 Minutes of Committee meetings shall be circulated within five days after a meeting to all members of the Committee and will (in accordance with legislative requirements) be available to the public.

3. CEO Performance Review Panel and Audit Committee Independent Member Appointments – Period of Confidentiality

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council’s decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda Item 19.1 in confidence under sections 90(2) and 90(3) (a) of the *Local Government Act 1999*, resolves that an order be made under the provisions of sections 91(7) and (9) of the *Local Government Act 1999* that the report, related attachments and the minutes of Council and the discussion and considerations of the subject matter be retained in confidence until the appointment have been confirmed with the applicants, but not longer than 2 months.

Pursuant to section 91(9)(c) of the *Local Government Act 1999*, Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.