

Terms of Reference

Audit & Risk Management Committee

1. Establishment and Purpose

- 1.1. The East Waste Audit & Risk Management Committee (the Committee) has been established by the East Waste Board (the Board) in accordance with clause 31 of the Eastern Waste Management Authority Charter (as gazetted on 28 June 2022) and Schedule 2, clause 30 of the *Local Government Act 1999* (the Act).
- 1.2. The purpose of the Committee is to provide independent assurance and advice to the East Waste Board on accounting, financial management, internal controls, risk management, and governance matters.
- 1.3. The Committee reports to the Board and provides appropriate advice and recommendations on matters relevant to its Terms of Reference and statutory functions to facilitate informed decision making in relation to the discharge of the Board's responsibilities.

2. Definitions

Unless the context indicates otherwise, the following terms have the following meanings in these Terms of Reference:

Act means the *Local Government Act 1999*.

Board means the Board of Directors of the Eastern Waste Management Authority.

Chair means the chair of the Committee, appointed in accordance with clause 5 of these Terms of Reference.

Code means the East Waste Code of Practice – Procedures at Meetings or any replacement Code adopted by the Board for the purpose of the *Local Government (Procedures at Meetings) Regulation 2013*.

Committee means the Audit & Risk Management Committee established by resolution of the East Waste Board, to be governed by these Terms of Reference.

Member means a member of the Committee.

Nomination Committee means means the committee established by the East Waste Board to assess applications for appointment to the Audit & Risk Management Committee and to recommend preferred candidates to the Board.

Regulations include the *Local Government (Financial Management) Regulations 2011* and *Local Government (Procedures at Meetings) Regulations 2013*.

3. Functions of the Committee

The primary function of the Committee is to provide independent assurance and advice to the Board on accounting, financial management, internal controls, risk management and governance matters.

In particular the Committee will oversee the following:

3.1. Financial Reporting and Sustainability

- 3.1.1. Review the annual financial statements to ensure that they provide a true and fair view of the state of affairs of East Waste.
- 3.1.2. Review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of East Waste on a regular basis.
- 3.1.3. Propose and provide information relevant to, a review of East Waste's Business Plan, strategic management plans and annual business plans including, but not limited to:
 - 3.1.3.1. The Annual Report including the Annual Financial Statements and application of accounting policies and provide an opinion to the Board on whether they present fairly the state of affairs of East Waste and where appropriate, recommend the approval of any material to be included in the Annual Report concerning internal controls and risk management.
 - 3.1.3.2. Providing recommendations to the Board regarding the assumptions, financial ratios and financial targets in the Long Term Financial Plan.
- 3.1.4. Provide commentary and advice on the financial sustainability of East Waste and any risks concerning, and as part of the adoption of the Business Plan, Strategic Plans, Long Term Financial Plan, Annual Plan and Budget and periodic Budget Reviews.
- 3.1.5. Review and make recommendations to the Board regarding any other significant financial, accounting, and reporting issues deemed necessary by the Committee, East Waste or Administration.
- 3.1.6. Consider and provide comment on the financial and risk-related issues associated with any business referred to it by the Board for such comment.

3.2. Internal Controls and Risk Management

- 3.2.1. Monitor, review and evaluate the effectiveness of policies, systems and procedures established and maintained to identify, assess, monitor, manage and review financial and strategic operational risks.
- 3.2.2. Monitor and review the effectiveness of East Waste's internal control environment.
- 3.2.3. Monitor and review the effectiveness of East Waste's internal audit function.

3.3. Internal Audit

- 3.3.1. Oversee the planning, scope, and review of East Waste's Internal Audit Work Plan, ensuring alignment with the requirements of the Internal Audit Charter.
- 3.3.2. Review and provide feedback on internal audit reports, findings, and recommendations, together with management responses and reports prepared by East Waste Administration.
- 3.3.3. Monitor the implementation of internal audit recommendations and management actions, including oversight of any overdue or unresolved matters.
- 3.3.4. Oversee the performance of the internal auditor and ensure the appointment and engagement process complies with applicable procurement policies and procedures.

3.4. External Audit

Oversee East Waste's engagement with the external auditor including but not limited to:

- 3.4.1. assessing the external auditor's qualifications and expertise.
- 3.4.2. recommending the approval of the external auditor's remuneration and terms of engagement to East Waste.
- 3.4.3. assessing the external auditor's independence and objectivity and monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners.
- 3.4.4. considering and making recommendations to the Board concerning the appointment, reappointment and removal of the East Waste's external auditor.
- 3.4.5. if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
- 3.4.6. liaise with East Waste's external auditor.
- 3.4.7. review and make recommendations on the Annual Audit Plan, and in particular its consistency with the scope of the external audit engagement as well as the internal audit plan.
- 3.4.8. reviewing the findings of the audit, paying particular attention to any accounting and audit judgements, any adjusted or unadjusted differences and any other significant issues arising from the audit.
- 3.4.9. reviewing any representation letter requested by the external auditor before they are signed by management.
- 3.4.10. reviewing Administration's response to reviews, recommendations and audit letters provided by the External Auditor.

3.5. Other Functions of the Committee

- 3.5.1. Propose examinations and review examination reports on any matter relating to financial management, or the efficiency and economy with which the Board manages or uses its resources to achieve its objectives, that would not otherwise be addressed

or included as part of annual audit and that is considered by the Board to be of such significance as to justify an examination.

- 3.5.2. Review any report obtained by the East Waste Board under section 48(1) of the Act in accordance with East Waste's Prudential Management Policy, practices and procedures.
- 3.5.3. Monitor the responsiveness of recommendations for improvement based on previous audits and risk assessments, including those raised by the Authority's auditor.
- 3.5.4. Review East Waste's arrangements and processes for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.
- 3.5.5. Perform any other function determined by the Board or prescribed by the Regulations.

4. Committee Membership

4.1 Committee Structure

4.1.1 The Committee shall consist of five (5) Members:

- An Independent Chair.
- Two (2) Independent Members.
- One (1) Director of the East Waste Board.
- The Independent Chair of the East Waste Board.

4.1.2 Members of the Committee, collectively, must have skills, knowledge, and experience relevant to the functions of the Committee, including financial management, risk management, governance, as well as any other prescribed matters and must satisfy the requirements of the Skills and Experience Matrix at Appendix A.

4.2. Recruitment and Selection of Committee Members

4.2.1 The Independent Chair of the Committee

- The recruitment and shortlisting of the position of Independent Chair of the Committee will be undertaken by an external recruitment agency. The agency shall be engaged by the General Manager in accordance with East Waste's Procurement Policy.
- The agency shall provide a short list of suitably qualified candidates for the consideration of the Nomination Committee.
- The Nominations Committee shall interview the short listed applicants and recommend a preferred candidate to the East Waste Board.
- The East Waste Board having considered the matter shall make a recommendation of appointment to the Constituent Councils.

4.3 Role of the Chair

The Chair is to:

- 4.3.1 Oversee the orderly conduct of meetings in accordance with the Act, the Regulations and the Code.
- 4.3.2 Ensure that all Members have an opportunity to participate in discussions in an open and responsible manner.
- 4.3.3 Liaise with East Waste Administration between meetings regarding the preparation of the Committee's agenda and minutes.
- 4.3.4 Communicate directly with the internal auditor where required, in relation to internal audit plans, results, and recommendations proposed by the internal auditor.
- 4.3.5 Communicate directly with the external auditor where required.
- 4.3.6 Execute, along with the General Manager, the 'Independence of External Audit' certification required under the Regulations as part of the end of financial year audit process.

4.4 Independent Members of the Committee

- 4.4.1 The recruitment of Independent Members is to be undertaken by the General Manager through an expression of interest process using online recruitment methods.
- 4.4.2 The Nomination Committee will assess the applications and recommend to the Board the preferred candidate for appointment to the Committee, with reference to the current make-up of the Committee and skills and experience outlined in clause 4.1.2 of this Terms of Reference.
- 4.4.3 The East Waste Board having considered the matter shall make a recommendation of appointment to the Committee to the Constituent Council

4.5 Board Director

- 4.5.1 The appointment process for appointing a Board Director to the Committee shall be in accordance with the nomination process set out in the Code.

4.6 Independent Chair of the East Waste Board

- 4.6.1 In accordance with the requirements of the East Waste Charter, the Independent Chair of the East Waste Board is an ex-officio appointment to the Committee.
- 4.6.2 The position carries the same rights and privileges as those afforded to other Committee Members.

4.7 Deputy Chair

- 4.7.1 The Committee may make an appointment from amongst its Members to the position of Deputy Chair.
- 4.7.2 The Deputy Chair assumes the role and responsibilities of the Chair in the absence of the Chair.
- 4.7.3 If the Chair is absent from a meeting of the Committee, and a Deputy Chair has not been appointed or is also absent, an Independent Member will be chosen to preside at the meeting in accordance with the Code.

4.8 Term of Appointment of Committee Members

- 4.8.1 Appointments to the Committee, with the exception of the Independent Chair of the East Waste Board, shall be made by unanimous decision of the Constituent Councils following a recommendation from the East Waste Board
- 4.8.2 The term of the appointment for Independent Members, subject to the Act and these Terms of Reference, shall be a period of three years, after which time they will be eligible for re-appointment for a maximum of three three-year terms; being nine (9) years in total.
- 4.8.3 Independent members may reapply for a position on the Committee via an expression of interest process as detailed in clause 4.4.1.
- 4.8.4 Board Directors are appointed to the Committee for a two (2) year term to ensure an orderly rotation and continuity of membership.

4.9 Removal and Cessation of Committee Members

- 4.9.1 A person ceases to be a Member of the Committee upon any of the following circumstances occurring:
- the Member's term of office expires and they are not reappointed.
 - the Member resigns by written notice to the Board.
 - the Member ceases to hold the office which entitles them to be a Member.
 - the Member dies or becomes of unsound mind.
- 4.9.2 Any Member of the Committee may be removed by the Constituent Councils on the grounds that the Member has been absent without leave from three (3) or more consecutive meetings or is not performing duties as required within the objectives and functions of the Committee.
- 4.9.3 Nothing in these Terms of Reference gives rise to any right of procedural fairness or otherwise derogates from the Constituent Council's ability to remove a Member of the Committee by resolution.

5. Sitting and Professional Fees

- 5.1. Independent Members of the Committee will receive a sitting fee determined by the Board.
- 5.2. Sitting fees will be reviewed and set by the Board at the time of the preparation of the Annual Budget having consideration for the Remuneration Tribunal of South Australia's Determination for Local Government Council Members and CEOs and budgeted CPI.
- 5.3. Professional fees may be paid for the advice and attendance of the person primarily responsible for the internal audit function, External Auditors, legal advisors and other professionals at the Committee Meetings.
- 5.4. Board Directors appointed to the Committee do not receive a sitting fee.

6. Meetings

6.1. Frequency of Meetings

- 6.1.1 The Committee shall meet at least once per quarter.
- 6.1.2 A schedule of meetings, including, place, date and time meetings of the Committee will be held, shall be determined by the Committee annually.
- 6.1.3 The General Manager is permitted the authority to vary the Committee's meeting schedule having first consulted the Chair of the Committee.
- 6.1.4 Special meetings of the Committee may be called in accordance with the Charter.

6.2 Notice of Meetings

- 6.2.1 In accordance with the Charter, and the Code a notice of each meeting confirming the venue, time, and date, together with an agenda of items to be discussed, shall be forwarded to each Member of the Committee no later than three (3) clear days before the date of the meetings. Supporting papers shall, whenever possible, be sent to Committee Members (and to other attendees as appropriate) at the same time.
- 6.2.2 Notice of Special Meetings shall be provided at least 24 hours in advance in accordance with the Code.,
- 6.2.3 Notice of meeting, agenda and supporting information will be placed on the East Waste website.

6.3 Meeting Procedures

- 6.3.1 Meetings will be conducted in accordance with East Waste's Code of Practice – Procedures at Meetings.
- 6.3.2 Members of the public can attend Committee meetings unless prohibited by resolution of the Committee in accordance with section 90(2) of the Act.
- 6.3.3 A Member of the Committee may attend via electronic means provided that advance notice has been provided to the General Manager and facilities are available and the Committee Member can be seen and clearly heard.

6.4 Voting

- 6.4.1 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. The Chair has a deliberative vote but does not, in the event of an equality of votes, have a casting vote.
- 6.4.2 All decisions of the Committee shall be made based on the majority decision of the Members present.
- 6.4.3 If a vote is tied, the matter is considered lost.

6.5 Meeting Minutes

- 6.5.1 Conflict of Interest declarations are required to be disclosed in accordance with East Waste's Code of Practice – Procedures at Meetings and will be recorded in the minutes.
- 6.5.2 The General Manager shall ensure that minutes are kept of the proceedings and resolutions of all meetings of the Committee and that the minutes comply with the requirements of the Charter and the Code.
- 6.5.3 Minutes of Committee meetings shall be circulated within seven (7) days after a meeting to all Members of the Committee.
- 6.5.4 Minutes of the Committee meeting will be placed on the East Waste website.

7 Other Responsibilities

Without derogating from any of the above provisions, the Committee:

- 7.1 Shall always act in accordance with the East Waste Charter, the Act, , the Eastern Waste Management Authority Committee Code of Conduct (Appendix 2) and in accordance with these Terms of Reference in the performance of its functions.
- 7.2 The Committee shall prepare an annual report on the work of the Committee for the 12 months preceding the report, present that report to the Board in August each year, and make it publicly available through the East Waste Annual Report.
- 7.3 Undertake an annual self-assessment to evaluate its effectiveness against these Terms of Reference.

8 Tenure

The Committee will continue in existence in accordance with the Act.

9 Legislation

Local Government Act 1999

Local Government (Financial Management) Regulations 2026

Local Government (Procedures at Meetings) Regulations 2013

10 Related Documents

Eastern Waste Management Authority Charter (as amended)

East Waste Code of Practice – Procedures at Meetings

East Waste Internal Audit Charter

11 Review

- 11.1 The Committee shall, at least every four (4) years, review its Terms of Reference, so that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 11.2 The Board may review and amend these Terms of Reference at any time.

12 Record of Adoption



Signed
General Manager

Date 30/09/2026



Signed
Chair of East Waste Board

Date: 30/09/2026

13 Document History

Version No:	Issue Date:	Description of Change:
1.0		
2.0	21/11/2024	Content updated and placed in new format
3.0	24/09/2026	Appointment of Members aligned with requirements of the East Waste Charter; formation of Nomination Committee for Independent Appointments, increase of term to three- three-year terms, minor formatting and grammatical amendments.

East Waste Audit and Risk Management Committee Skills Matrix

Purpose

This matrix is designed to help assess the collective capability of the Audit and Risk Management Committee against its core oversight responsibilities. It reflects published material on the Committee's role in financial reporting, financial management, internal controls, risk management, governance, and internal and external audit, together with relevant capability areas arising from East Waste's operating environment.

Committee composition

The matrix should therefore be applied across the following membership structure: Board Chair (ex officio), Independent Committee Chair, two independent members, and one additional Board Director.

Proficiency scale

- Level 0 - No meaningful experience in this area.
- Level 1 - Basic literacy; able to understand issues and ask informed questions.
- Level 2 - Working proficiency; able to analyse issues and contribute confidently.
- Level 3 - Deep expertise; able to lead discussion and provide robust challenge.

Skills matrix

Skill domain	Why it matters for East Waste
Financial reporting and annual financial statements	Review annual financial statements and assess whether they fairly present East Waste's financial position and performance.
Financial management and long-term financial planning	Oversight of budget review, long-term financial plan, financial sustainability and resilience.
Risk management framework	Oversight of strategic, operational and emerging risks, including adequacy of mitigation and reporting to the Board.
Internal controls and assurance	Assess adequacy of accounting, reporting, delegations and broader control systems.
Internal audit	Approve scope, review findings, monitor management actions and assess assurance coverage.
External audit and auditor liaison	Engage effectively with external auditors and interpret findings and recommendations.
Governance and public-sector accountability	Operate effectively under the Local Government Act 1999, subsidiary governance arrangements and committee terms of reference.
Waste, fleet and resource recovery operations	Understand collection operations, fleet, depot, service delivery and operational risk drivers relevant to East Waste.
Procurement, tendering and prudential review	Relevant to major tenders, contract risk, procurement governance and prudential review of significant projects.
Legal and regulatory compliance	Awareness of waste, environmental, procurement, records, confidentiality and related compliance obligations.
Information technology and cyber controls	Oversight of data security, backups, monitoring protocols and technology control risks.
Fraud control, integrity and ethical culture	Support a strong control environment, misconduct prevention and reporting integrity.
Work health and safety risk oversight	Important in a fleet, depot and contractor operating environment.

Skill domain	Why it matters for East Waste
Stakeholder and member-council environment	Understand the multi-council governance environment, stakeholder risk and Board context.
Chairing, judgement and constructive challenge	Needed for agenda discipline, independent judgement, effective questioning and escalation to the Board.

Use notes

- The matrix is intended to assess collective capability rather than require every Member to hold deep expertise in every domain.
- Any gaps identified should inform future appointments, succession planning and committee development priorities.
- A separate independence and conflicts assessment should be used alongside this matrix when considering appointments or reappointments.

Source basis

Prepared from East Waste governance material and associated public-sector audit committee guidance, including published minutes and governance documents referring to the Committee's functions, membership and oversight responsibilities.