



CITY OF HOBART

MINUTES ATTACHMENT

COUNCIL MEETING

OPEN PORTION OF THE MEETING

MONDAY, 19 FEBRUARY 2024

AT 5:00 PM

VENUE: COUNCIL CHAMBER, TOWN HALL

TABLE OF CONTENTS

20	Risk and Audit Panel - Annual Report to Council, Revised Terms of Reference and 2024 Work Plan	
	B. Risk and Audit Panel 2024 Work Plan	2
	C. Risk and Audit Panel Amended Terms of Reference in markup	6



Functions (section 3 of the Panel Terms of Reference)

Risk and Audit Panel

Draft 2024 Work Plan and Meeting Schedule

The Panel will contribute to the good governance of the City.

The following are matters that the Panel will consider in its review of the Council's performance incorporating all requirements of the *Local Government Act 1993* and the *Local Government Act 1993 (Local Government (Audit Panels) Order 2014)*:

- (a) Council's financial system, financial governance arrangements and financial management;
- (b) The management of risk associated with the Council and its activities and services, including the identification, assessment, management and review of those risks.
- (c) All Plans under Part 7 of the Act (the strategic plan, long-term financial management plan, financial management strategies, long-term asset management plans, asset management policies and strategies, annual plan, annual report), whether and how these are integrated, and the processes and assumptions undertaken to prepare the plans;
- (d) Policies, systems and controls (including accounting, internal control, anti-fraud, anti-corruption, risk management including controls over strategic risk and compliance), that the Council has in relation to safeguarding its long term financial position;
- (e) The Council's procurement and purchasing framework and controls, as set out in the *Local Government Act 1993* and *Local Government (General) Regulations 2015*, including probity, tendering, quoting for goods, services and works and contract management.
- (f) Whether the annual financial statements of the Council accurately represent the state of affairs of the Council;
- (g) Whether the Council is complying with the provisions of the *Local Government Act 1993* and all other relevant legislation;
- (h) Whether the Council has taken any action in relation to previous recommendations provided by the Panel to the Council and, if it has taken action, what that action was and its effectiveness; and
- (i) Any other activities within the Panel's remit which are requested by the Council or as determined by the Panel.

TERMS OF REFERENCE ROLES AND RESPONSIBILITIES	SCHEDULED 2024 MEETING DATES					
	6 MARCH 2024 (CHANGED)	17 APRIL 2024	6 JUNE 2024	13 AUGUST 2024	16 OCTOBER 2024	3 DECEMBER 2024
1. Risk Management oversight						
Oversight the Strategic Risk and Resilience system.		Overview of current risk register and KRIs			Briefing on risk system	Overview of current risk register and KRIs Risk appetite statement review
Briefings on individual risks on the Strategic Risk and Resilience Register on a rotating basis: risk status, movement, KRI's, tolerance, treatment and progress	As per schedule	As per schedule	As per schedule	As per schedule		As per schedule
New and emerging risks	As required	As required	As required	As required	As required	As required
2. Integrated Planning Process						
Long Term Financial Sustainability	Long Term Financial Management Plan (LTFMP)	Long Term Financial Management Plan (LTFMP) Update	Advice Council in the preparation of the annual budget and its adherence with the LTFMP		Long Term Strategic Asset Management Plan (LTSAMP)	
Council's integrated planning process						Processes for Strategic Plan; LTFMP; LTSAMP; Annual Plan; and Annual Report
3. Accounting, internal control, anti-fraud, anti-corruption and risk management						
System of financial internal controls		Financial controls briefing				
System of non-financial internal controls – rolling schedule of reports on internal control systems		As per schedule	As per schedule	As per schedule	As per schedule	As per schedule
Fraud and anti-corruption controls	Fraud and Corruption Control briefing					
4. Procurement and Purchasing Framework						
Procurement, purchasing and contract management controls					Procurement, contract management and purchasing briefing	

TERMS OF REFERENCE ROLES AND RESPONSIBILITIES	SCHEDULED 2024 MEETING DATES					
	6 MARCH 2024 (CHANGED)	17 APRIL 2024	6 JUNE 2024	13 AUGUST 2024	16 OCTOBER 2024	3 DECEMBER 2024
5. Internal Governance Audit (Oversee the coordination of the Council's governance audit program)						
Review the internal audit work plan and long term strategy.		Internal Audit Plan 2023-24 Progress Update		Internal Audit Plan 2024-25		
Internal audit reports and special reports	Table on completion	Table on completion	Table on completion	Table on completion	Table on completion	Table on completion
Annually review the performance of the contracted internal audit			Internal Audit service review of KPIs and contract			
Monitor implementation of audit recommendations		Internal audit recommendations			Internal audit recommendations	
6. External Audit (oversee the external audit programs)						
External Audit (Auditor General)	Follow up on progress of action items					
External Audit – Annual Financial Statements		Tasmanian Audit Office Financial Audit Strategy In camera discussion		Review draft financial statements	Review audited financial statements and audit report	
7. Compliance						
Reports on compliance with Local Government Act 1993 and other relevant legislation	Compliance breaches		System of compliance monitoring	Compliance breaches		
8. Financial Management						
Review the Management Representation letter				Review draft financial statements	Review management representation letter and advise Council on audited financial statements Adherence to LTFMP	Review TAO report to Parliament
9. Panel management						
Review Panel operations				Review the Panel's operations and activities	Review the work plan for 2025	RAP Annual Report to Council Panel work plan to Council

TERMS OF REFERENCE ROLES AND RESPONSIBILITIES	SCHEDULED 2024 MEETING DATES					
	6 MARCH 2024 (CHANGED)	17 APRIL 2024	6 JUNE 2024	13 AUGUST 2024	16 OCTOBER 2024	3 DECEMBER 2024
Membership					Appointments and reappointments	Recommendations to Council
Remuneration						Report to Council outcome of the review and any resulting recommendations for change

Key: Items reporting through to Council



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TERMS OF REFERENCE**Risk and Audit Panel
(Audit Panel)**

The Audit Panel is established under
Section 85 of the Local Government Act 1993.

Approved by Council 21/12/2015
Amended by Council: 18/12/2017
Amended by Council: 21/01/2019
Amended by Council: 19/08/2019
Amended by Council: 28/2/2022

The Council has approved the establishment of the Risk and Audit Panel to, among other things, act as the Audit Panel established pursuant to Section 85 of the *Local Government Act 1993* (the Act).

An Audit Panel is responsible for the effective application of its responsibilities under the Act, relevant Orders, and these Terms of Reference.

The title Chief Executive Officer is a term of reference for the General Manager as appointed by the Council pursuant to s.61 of the *Local Government Act 1993 (Tas) Act*.

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1. Objective

The Panel's objective is to provide assurance and advice to the Council in relation to the assessment, management and review of risk across all Council activities and services in accordance with a contemporary governance and risk management framework.

In accordance with Section 85A of the *Local Government Act 1993 Act*, the Panel is to undertake reviews of performance as included in Section 3 of these Terms of Reference.

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2. Composition and Tenure**2.1 Panel Composition**

- (a) The Council is responsible for the appointment of Panel members.
- (b) The Panel is to consist of a membership of five (5), including two (2) Elected Members, two (2) independent members and an independent Chair.
- (c) Elected Members are appointed by the Council.



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- (d) An employee or contractor of the Council is not entitled to be a member of the Panel.

2.2 Panel Appointment and Tenure

Panel members, taken collectively, will hold a broad range of skills and experience relevant to the operations of the City of Hobart.

2.2.1 Chair

The Chair shall be an independent person and appointed by the Council for a term of two (2) years with an option for a further two (2) years following agreement between the Chair and the Council.

2.2.2 Elected Members Representation

- (a) The Elected Members appointed to the Panel by Council will be appointed for a period of two (2) years coinciding with the Council's mid-term review of Council Committee membership.
- (b) To ensure that there is no actual or perceived conflict of interest, the Lord Mayor ~~and the Chair of the Council's Finance and Governance Committee~~ shall not be eligible to be an Elected Member of the Panel.

2.2.3 Independent Members

- (a) Independent members will have staggered terms of office. Thereafter appointments will be for four (4) years, unless a shorter period is required to ensure the continuation of staggered appointments.
- (b) Independent members may be re-appointed by the Council. Independent members can only serve for a maximum period of eight (8) years.
- (c) The independent members, in aggregate, will possess good business acumen and sound management and communication skills, have knowledge and expertise in audit practices and financial management, governance and risk management, have knowledge of and experience in relevant industries and have an understanding of the role of local government in its community.

2.3 Remuneration

- ~~(a) Independent members of the Panel are entitled to receive remuneration and other allowances fixed for that member, as determined by the Council.~~
- ~~(b) A review of the remuneration and allowances is to be undertaken during the annual review of the risk and audit activities for recommendation to the Council.~~
- ~~(c) Approved remuneration to be included in the annual budget cycle of the Council.~~



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3. Functions

~~The Panel will contribute to the good governance of the City.~~

The following are matters that the Panel will consider in its review of the Council's performance incorporating all requirements of the *Local Government Act 1993 (Local Government (Audit Panels) Order 2014)*:

- (a) Council's financial system, financial governance arrangements and financial management;
- (b) The management of risk associated with the Council and its activities and services, including the identification, assessment, management and review of those risks;
- (c) All Plans under Part 7 of the Act (the strategic plan, long-term financial management plan, financial management strategies, long-term asset management plans, asset management policies and strategies, annual plan ~~and~~ annual report) whether and how these are integrated and the processes and assumptions undertaken to prepare the plans;
- (d) Policies, systems and controls (including accounting, internal control, anti-fraud, anti-corruption, risk management including controls over strategic risk and compliance) ~~;~~ that the Council has in relation to safeguarding its ~~long term~~ long-term financial position;
- (e) The Council's procurement ~~and purchasing~~ framework and controls, as set out in the ~~Local Government Act 1993 Act~~ and *Local Government (General) Regulations 2015*, including probity, tendering, quoting for goods, services and works and contract management ~~;~~
- (f) Whether the annual financial statements of the Council accurately represent the state of affairs of the Council;
- (g) Whether the Council is complying with the provisions of the ~~Local Government Act 1993 Act~~ and all other relevant legislation;
- (h) Whether the Council has taken any action in relation to previous recommendations provided by the Panel to the Council and, if it has taken action, what that action was and its effectiveness; and
- (i) Any other activities within the Panel's remit ~~as which are~~ requested by the Council or as determined by the Panel.

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4. Roles and Responsibilities

In undertaking its functions, the Panel's roles and responsibilities incorporate the following framework:

- (a) The Panel has an advisory role only and holds no executive powers.



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- (b) The Panel is directly responsible and accountable to the Council.
- (c) The Panel at all times recognises the primary responsibility for management of the City of Hobart resides with the ~~General Manager~~ Chief Executive Officer.
- (d) The Panel is to develop and endorse annually a work plan of proposed activities in accordance with the functions and responsibilities outlined in these Terms of Reference. These will form the basis of an annual self-assessment and report to Council.
- (e) The responsibilities of the Panel may be revised or expanded in consultation with, or as requested by, the Council, from time to time.
- (f) The Panel, in reviewing and assessing matters brought before it, will provide advice to the Council and/or management as appropriate.
- (g) Any specific recommendations of the Panel will be forwarded to Council as soon as possible after each meeting.
- (h) The Panel's role relates to system issues and process improvement rather than individual complaints.

The Panel:

- provides an independent mechanism to review Council processes and decision-making; and
- will provide advice as to whether relevant Council decisions are effective and reasonable.

In addition to its statutory functions, the Panel's responsibilities include:

4.1 Risk Management

- (a) Review and provide any comment on the Strategic Risk Register;
- (b) Review the Council's risk management processes and their effectiveness in identifying and managing risks;
- (c) Monitor strategic risks with a residual rating of "Extreme" and "High", the progress of the implementation of respective risk treatment plans;
- (d) Consider changes in identified risk profile for those risks with a residual risk rating of "Extreme" and "High"; and
- (e) Receive briefings and reports from the ~~General Manager~~ Chief Executive Officer in relation to material new and emerging risks.

4.2 Special Projects and Investigations

From time to time, special projects and investigations will be undertaken. In respect of these the Panel will:



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- (a) Outline the underlying rationale and specify the scope, objectives and methodology;
- (b) Receive advice from the ~~General Manager~~Chief Executive Officer, the internal auditors and/or external auditors;
- (c) Receive and review reports on the outcomes and monitor implementation of recommendations;
- (d) Provide advice to the Council of any special projects concerning risks with "Extreme" or "High" risk ratings and/or concerning potential significant impacts on the Council's financial position; and
- (e) Consider any matter referred to it by the Council.

4.3 Internal Audit

- (a) Oversee the coordination of the Council's audit program;
- (b) Review and provide relevant advice on the three-year strategic internal audit plan for Council consideration;
- (c) Review and provide advice on the annual internal audit work plan;
- (d)
- (e)(d) Receive reports in relation to those audit findings that have an "Extreme" or "High" risk rating;
- (f)(e) Monitor management's progress of the implementation of agreed management actions for internal audit findings that have an "Extreme" or "High" risk rating;
- (g)(f) Annually review the performance of the contracted internal audit service provider(s);
- (h)(g) Receive the tender documentation ~~conditions and specifications~~ for the supply of internal audit services; and
- (i)(h) Consider the ~~General Manager's~~Chief Executive Officer's recommendation of preferred tenderer and advise the Council on the appointment of internal auditors.

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4.4 External Audit

- (a) Oversee the external audit programs;
- (b) Consider the annual Tasmanian Audit Office Client Strategy;
- (c) Provide input and feedback on the financial statements and the management representation letter;
- (d) Provide feedback to the Council on the external audit services provided;



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- (e) Receive and consider reports and monitor management's implementation of external audit recommendations; and
- (f) Provide advice to the Council on significant issues raised and actions taken.

4.5 Financial Management

- (a) Review and endorse the financial statements and consider whether they accurately represent the state of affairs of the Council prior to submission to the Tasmanian Audit Office;
- (b) Provide advice to the Council on the adoption of the audited financial statements; and
- (c) Review the Tasmanian Audit Office report to Parliament on local government performance.

4.56.1 Long Term Financial Sustainability:

- (a) Review each iteration of the Financial Management Strategy and ~~Long-Term~~Long-Term Financial Management Plan and monitor the Council's compliance with the Plan; and
- (b) Provide advice to the Council on the achievement of planned outcomes of the ~~Long-Term~~Long-Term Financial Management Plan; and ~~in~~
- (c) Provide advice to the Council in considering the annual budget and its alignment with the ~~Long-Term~~Long-Term Financial Management Plan, and the impacts of any major inconsistencies between both documents.

4.56.2 Asset Management:

- (a) Review each iteration of the ~~Long-Term~~Long-Term Strategic Asset Management Plan, and monitor the Council's compliance with the Plan;
- (b) Ensure that the Asset Management Policy is consistent with and guides the development of the ~~Long-Term~~Long-Term Strategic Asset Management Plan; and
- (c) Provide advice to the Council in respect of the achievement of the planned outcomes of the Council's Strategic Asset Management Plan.

5. Communication and Reporting of Activities

Communication and reporting of Panel activities to the Council are as follows:

5.1 Annual Report to Council

The Panel will, at least once a year, report to the Council on its operation and activities during the year. The report(s) is to include:



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- (a) An annual summary of the work performed to discharge its responsibilities;
- (b) High level advice on the Council's risk, control and compliance framework, including details of any significant emerging risks impacting ~~on~~ the City of Hobart;
- (c) A review of Council's performance as set out in Section 3 of this Terms of Reference; and
- (d) An outline of the results of the annual self-assessment undertaken by the Panel.

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5.2- Report to Council

The Panel will provide to Council in a timely manner:

- (a) its ~~meeting~~ minutes;
- (b) formal advice on any specific determinations and recommendations;
- (c) responses to any issues referred to it by the Council; and
- (d) as requested by Council, a verbal report from the Chair on key issues arising from the Panel.

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5.3 Advice to Council

As considered necessary the Panel will provide advice to Council on any matter contained in these Terms of Reference.

5.4 Advice to the Director Local Government

The Director of Local Government is to be advised of the appointment of the Panel members.

6. Administrative Arrangements

6.1 Meetings

Meetings of the Panel are held as closed meetings.

6.1.1 Meeting Schedule

- (a) The Panel is to meet at least six times per year.
- (b) Special meetings of the Panel may be required ~~to be held~~ to discuss any matters on the Work Plan or other special projects as required to meet its Work Plan and ~~meet~~ the requirements of these Terms of Reference.
- (c) The Chair is required to call a meeting if requested by the Council or a Panel member.

6.1.2 Meeting Work Plan

A forward meeting work plan, including meeting dates, objectives and agenda items, will be developed by the Panel each year.



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The Work Plan is to cover the Panel's functions and responsibilities, in accordance with its Terms of Reference.

The Work Plan is to be presented to the Council for endorsement.

6.1.3 Procedures for Conduct of Meetings

The Panel may regulate its own meeting procedures ensuring that:

- (a) Free and open discussion is encouraged;
- (b) Independence, and ensuring ethical standards are applied and maintained;
- (c) Conflicts of interest are avoided or disclosed; **and**
- (d) Members are reliable and professional in the discharge of their duties; and
- (e) The reputation of the City of Hobart is protected.

6.1.4 Attendance at Meetings and Quorums

- (a) A quorum is constituted by a majority of the total number of members appointed.
- (b) At least one member who is an independent person must be present at the meeting for there to be a quorum present.
- (c) The Chief Executive Officer and the Director City Enablers or equivalent (or their delegates) are to attend each meeting.
- (d) The Panel may invite or allow any employee to attend one or more of its meetings.
- (e) The Panel may invite or allow any Elected Member to attend one or more of its meetings.
- (f) The Panel may invite any other person to attend one or more of its meetings to provide advice and support as required, including internal and external auditors.
- (g) If the Panel determines that the meeting is being held in private, clauses (c), (d) and (e) do not apply to that part of the meeting..
- (h) All attendances at the Panel meetings will be recorded in the City of Hobart Annual Report.

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- (i) Proxies or delegates shall not be appointed with respect to Panel members.

6.1.5 Minutes

A copy of the minutes of each meeting is to be distributed to the Panel and the Council as soon as reasonably practicable following each meeting.

The distribution of the minutes is to include the Auditor-General and the Audit Manager of the contracted internal auditors.

6.1.6 Agenda

A copy of the agenda for each meeting is to be distributed to the Panel and the Council four (4) clear days prior to the meeting.

The distribution of the agenda is to include the Auditor-General and the Audit Manager of the contracted internal auditors.

6.2 Code of Conduct

All Panel members shall comply with the Code of Conduct as at Attachment A of these Terms of Reference.

6.3 Financial Arrangements for the Panel

6.3.1 Budget

- (a) The budget for the Panel's activities will be determined on an annual basis as part of the Council's annual budget preparation;
- (b) The Panel will be consulted by management in relation to its budget to ensure that sufficient funds are provided for its normal activities; and
- (c) The Panel may request additional funds during a financial year if necessitated by unforeseen special or urgent issues within the Panel's remit.

6.4 Induction

Upon appointment, newly appointed members of the Panel are to receive relevant information and briefings in respect to Panel responsibilities, in particular an overview of the operations of the Council, the Council's policy framework and key plans.

6.5 Remuneration

- (a) Independent members of the Panel are entitled to receive remuneration and other allowances fixed for that member, as determined by the Council.



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City of HOBART

~~(b) A review of the remuneration and allowances is to be undertaken during the annual review of the Risk and Audit Panel activities for recommendation to the Council.~~

~~(c) Approved remuneration to be included in the annual budget cycle of the Council.~~

6.65 Professional Development

The Panel will ensure that knowledge and experience of its members ~~is~~are maintained and enhanced to ensure that it can effectively undertake its functions, roles and responsibilities as specified in these Terms of Reference.

6.76 Self-AssessmentSelf-Assessment

An annual self-assessment process is to be developed including key performance indicators to measure effectiveness.

7. Review of Terms of Reference

The Terms of Reference of the Panel will be reviewed bi-annually, or as requested by the Panel or the Council ~~and submitted to the Council for approval.~~

~~Amendments to the Terms of Reference are to be approved by the Council.~~



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Attachment A: Code of conduct for members of the Risk and Audit Panel

This code of conduct sets out the standards of behaviour expected of the Hobart City Council's Risk and Audit Panel members. The standards support the characteristics of good governance outlined in the *Good Governance Guide for Local Government in Tasmania* (reference below).

As an independent source of scrutiny in the interests of the community, the Panel provides checks and balances on key Council activities and a means of highlighting issues that require strategic attention.

Councillors-Elected Members who are members of the Panel are in a unique position and have an obligation to maintain a Panel perspective in the interests of the community when they discharge their duties as Panel members, *i.e.* they must display independence of mind, separate from their role as a **councillor or an Elected Member**.

In performing their role on the Hobart City Council's Risk and Audit Panel, and in acting in the best interests of the community, all members of the Panel commit to the following standards.

1. Effective management of conflicts of interest

Members avoid conflicts of interest that arise between their personal interests and their public duty as a Panel member, as far as reasonably possible. This includes pecuniary and non-pecuniary conflicts of interest (actual, potential or perceived). Where avoidance is not possible, members appropriately manage conflicts of interest. Members are responsible for acting in good faith and exercising reasonable judgment to manage conflicts of interest, including the offer or receipt of gifts and benefits.

Council-Elected members may at times deal with conflicts of interest as a consequence of their dual roles as a Panel member and a **councillor or an Elected Member**. This may present as a conflict between the interests of the community (as seen from the Panel's perspective).

All members will regularly provide advice of their actual, potential and perceived conflicts to the panel.

2. Proper use of Council information

Members maintain the confidentiality of any information, documents and communication that the Council or panel has designated as being in confidence. Members only access Council information needed for them to perform their role as a panel member and not for personal interests or reasons.

3. Proper use of position

Members perform their role in the best interests of the Council and the community. Members operate within the intended scope of the Panel (as outlined in the Panel's Terms of Reference) and adhere to relevant Council policies and procedures.



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4. Appropriate interactions

Members act ethically and treat all persons with fairness and respect. Members conduct themselves in a way that positively represents the panel, and is in the best interests of the Council and the community. Members interact appropriately with fellow members, ~~councillors~~Elected Members, Council staff and the community, and give full respect and consideration of to all relevant information known to them. Members should not interact directly with Council staff without the prior approval of the Panel and the ~~General Manager~~Chief Executive Officer.

The Council has policies and procedures to provide additional guidance for members if required.

Further information on the ethical standards covered in this Code of Conduct, and the terminology used, can be found in the *Good Governance Guide for Local Government in Tasmania*: (www.dpac.tas.gov.au/divisions/local_government).