

TERMS OF REFERENCE

Title:	<i>Audit and Risk Committee</i>
Purpose and Role	
The purpose of the Audit and Risk Committee ("Committee") is to support the Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management, internal and external audit functions and ethical accountability.	
1. Aims & Functions	
<p>The primary objectives of the Committee are to:</p> <ul style="list-style-type: none"> • Accept responsibility for the annual external audit; and • Liaise with the City of Wanneroo ("City") internal and external auditors so that Council can be satisfied with the performance of the City in managing its affairs. <p>Reports from the Committee will assist Council in discharging its legislative responsibilities and provide oversight of the City's affairs, determining the City's policies and overseeing the allocation of the City's finances and resources. The Committee will ensure openness in the City's financial reporting and will liaise with the Chief Executive Officer ("CEO") to ensure the effective and efficient management of the City's financial accounting systems and compliance with legislation.</p> <p>The Committee facilitates:</p> <ul style="list-style-type: none"> • The enhancement of the credibility and objectivity of internal and external financial reporting; • Effective management of enterprise risks and the protection of Council assets; • Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance; • Regular review of reports on the internal audit function and the Strategic Internal Audit Plan; and • The provision of an effective means of communication between the external auditor, internal auditor, the Chief Executive Officer and the Council. <p>Audit:</p> <p>To provide guidance and assistance to Council in carrying out functions of the City in relation to audits.</p> <ul style="list-style-type: none"> • To develop and recommend to Council an appropriate process for the selection and appointment of a person as the City's internal auditor. • To recommend to Council the person or persons to be appointed as the City's internal auditor. <i>NOTE: Appointment of an external auditor cannot take place after the commencement day as stated in Section 7.3 (1A) of the Local Government Act. Therefore the Auditor General of Western Australia is responsible in accordance to Section 1.4 of the Local Government Act</i> • To develop and recommend to Council: • A list of those matters to be audited; and • The scope of the audit to be undertaken. • To address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of these Terms of Reference. • To seek information or obtain expert advice through the CEO on matters of concern within the scope of these Terms of Reference following authorisation from Council. • To consider audit reports and ensure their presentation by the Office of the Auditor General (OAG) to the Committee and Council. 	

External Audit

- The Auditor General is mandated to be the external auditor and the Committee should therefore develop and recommend to Council the agreement between the Council and the Auditor General. The agreement is to include:
 - the objectives of the audit;
 - the scope of the audit;
 - a plan of the audit;
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the local government to communicate with, and supply information to, the auditor.
- To meet with the external auditor at least once in each year, without management being present and recommend to Council on the matters discussed and outcome of those discussions.
- To liaise with the CEO to ensure that the City does everything in its power to:
- assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
- ensure that audits are conducted successfully and expeditiously.
- To examine the reports of the auditor after receiving a report from the CEO on the matters and:
- Determine if any matters raised require action to be taken by the City; and
- Ensure that appropriate action is taken in respect of those matters.
- To review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest in time.
- To review the City's draft annual financial report, focusing on:
 - Accounting policies and practices;
 - Changes to accounting policies and practices;
 - The process used in making significant accounting estimates;
 - Significant adjustments to the financial report (if any) arising from the audit process;
 - Compliance with accounting standards and other reporting requirements; and
- Significant variances from prior years
- To consider and recommend adoption of the annual financial report to Council, and to review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed.
- To discuss the external audit plan including proposed audit strategies and how they might relate to identified risk areas.
- To extend a standing invitation to the external auditor to attend Committee meetings as required to discuss the external audit plan, draft and final financial statements and the management letter.

Internal Audit

- To review the scope of the audit plan and program and its effectiveness.
- To review the appropriateness of special internal audit assignments undertaken by internal auditor at the request of Council or CEO unless the circulation of these assignments is prohibited by law from further circulation.
- To review the level of resources allocated to internal audit and the scope of its authority.
- To review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised.
- To review the annual Compliance Audit Return and report to Council the results of that review.
- To consider the CEO's triennial reviews as stipulated in Regulation 17 on the appropriateness and effectiveness of the City's systems and procedures in regard to risk management, internal control and legislative compliance; required to be provided to the Committee, and to report to the Council the results of those reviews.
- To provide the opportunity for Committee Members to meet with the internal auditor as the need arises without management being present.
- To monitor and review the quality of internal audit services delivered.
- To oversee implementation and progress of the Internal Audit recommendations outlined in

the City's Internal Audit Log reported on a biannual basis.

Fraud and Misconduct Control and Resilience Framework

- Oversight of risk management, including fraud, misconduct and corruption control.
- Review the City's Enterprise Risk Management Framework for identifying, monitoring and managing business risk, including risks associated with fraud, misconduct and corruption.
- Review the Strategic Internal Audit Plan annually to ensure it covers fraud, misconduct and corruption risks.

Risk Management

- To review and oversee progress and updates on all Strategic Risks biannually.
- To oversee the management of Risks rated extreme and high on a quarterly basis.

Corporate Reporting

- To oversee the management and progress of the Corporate Business Plan quarterly.
- To consider and oversee the Contract Status Report biannually.

To consider and provide oversight of the Purchasing Policy (Section 10) Chief Executive Officer Exemption approvals biannually.

2. Membership:

Council determines by absolute majority the membership of the Committee considering the nature, size, scale, diversity and complexity of the City's activities and systems. The Committee as a whole should have:

- at least one member with financial qualifications and experience
- skills and experience relevant to discharging responsibilities, including experience in business, financial and legal compliance, risk management
- local government background and experience as applicable

The membership of the Committee must comprise a minimum of three members, the majority to be Elected Members with one position to be occupied by the Mayor. Council may determine to appoint one or more persons to the Committee who are external and independent to the Council. The CEO and the City's employees are not members of the Committee.

Committee Members (Members) should keep themselves informed and demonstrate they have the skills and experience to effectively discharge their responsibilities as detailed in section "Authority and Establishment" of these Terms of Reference.

Tenure of membership of the Committee will be in accordance with section 5.11 of the Local Government Act.

External Independent Members

External Independent Members (if appointed) must have senior business, financial management or requisite knowledge and skills to benefit the Committee. All recommendations to appoint an external independent member must be made by the Committee to Council.

Current serving Elected Members of other local governments will not be considered as members of the Committee.

Expressions of interest for appointment of any External Independent Member shall be publicly advertised by Council. Appointment of any External Independent Member will be for a maximum period of two years.

Council must give written notice to any External Independent Member that Council proposes to remove them from the Committee and must provide the External Independent Member the opportunity to make a deputation at the relevant Council Briefing or Meeting as applicable.

. An External Independent Member appointed in accordance with the Terms of Reference is to be paid a per meeting fee up to the maximum fee determined from time to time by the Salaries and Allowances Tribunal and approved by Council.

3. Chair and Deputy Chair:

- The Committee is to elect a Presiding Member and Deputy Presiding Member who must be Members of the Committee at the first meeting of the Committee following an Ordinary Local Government Election and in accordance with the Local Government Act 1995, Schedule 2.3, Division 1.
- The CEO or delegated nominee will attend the first meeting of the Committee following an Ordinary Local Government Election to conduct the election of the Presiding Member and Deputy Presiding Member.
- The Presiding Member will preside at all meetings.
- In the absence of the Presiding Member, the Deputy Presiding Member will preside over the meeting, and in their absence, a person is to be elected by the Committee to preside over the meeting.
- The Presiding Member is responsible for the proper conduct of the Committee.

4. Meeting Procedures:

- The Committee shall meet on a regular basis but at least quarterly.
- All meeting dates are advised to Council Members via the City's Corporate calendar invitation.
- An agenda will be circulated to the Members at least 7 days prior to each meeting where possible.
- The CEO shall ensure that detailed minutes of all meetings are kept.
- Copies of all agendas and minutes are to be forwarded electronically, through the City's electronic record keeping system, to Council and Corporate Support for filing in the Elected Members reading room.
- All agenda and minute documentation to be generated through Council's InfoCouncil software reporting system.

The Chairman and CEO may invite members of management, internal and external auditors or others to attend meetings as observers and/or to provide pertinent information and/or answer queries of the committee.

- Committee recommendations have no effect unless it has been made by simple majority. A simple majority is not less than half of the votes of Members present at the meeting.
- All Members have one vote. The Presiding Member will have the casting vote and simple majority will prevail.
- The quorum for a meeting shall be at least 50% of the number of Members.
- Administration support for the Committee will be provided by the City.
- The CEO or his/her nominee is to attend all Committee meetings to provide advice and guidance to the Committee.

5. Authority of Establishment

The Committee is established under ss. 5.8 and 7.1A of the *Local Government Act 1995*.

6. Delegated Authority:

- The Committee is a formally established committee of the Council and is responsible to the Council.
- The Committee reports to Council and provides appropriate advice and recommendations in accordance with these Terms of Reference to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The Committee does not have:

- Executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.
- Any management functions and cannot involve itself in management processes or procedures

The only powers and duties that can be delegated to a Committee are any of the powers and duties of the local government under Part 7 of the Local Government Act; that is, those relating to audit. The Committee cannot on delegate the powers and duties delegated to it. The delegation from Council must be formally documented.

Administration Use Only			
Date of Council Establishment of Group:		GS06-11/05: July 2008	
Council Minute – Ref:		CE02-10/24: October 2024	
Terms of Reference - HPE Ref:		19/265363(v2)	
HPE Container – Ref:		7312	
Operational Procedures - HPE Ref:		N/A	
Last Review Date:	17 September 2024	Next Review Date:	January 2025

Note review dates: GS06-11/05; July 2008; August 2009; May 2011; February 2015; March 2017; May 2020; December 2020; 15 March 2022, 8 October 2024