Title:	Audit, Risk and Improvement Committee

Purpose and Role

i. The purpose of the Audit, Risk and Improvement Committee ("Committee") is to support the Council in fulfilling its governance and independent oversight responsibilities in relation to:

   a. Systems of internal controls and risk management,
   b. Processes for monitoring compliance with laws and regulations,
   c. Financial and performance reporting, and
   d. Internal and external audit functions and ethical accountability.

ii. The Committee operates in accordance with the provisions of the *Local Government Act 1995 (the **Act**)*, *Local Government (Audit) Regulations 1996* and *Local Government (Administration) Regulations 1996* but is not responsible for the management of the above functions.

1. Aims & Functions

1.1 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.

1.2 The Committee facilitates:

i. The enhancement of the credibility and objectivity of internal and external financial reporting;
ii. Effective management of enterprise risks and the protection of Council assets;
iii. Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
iv. Regular review of reports on the internal audit function and the Strategic Internal Audit Plan;
v. The provision of an effective means of communication between the external auditor, internal auditor, the CEO and the Council;
vi. Addressing 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; and
vii. Seeking information or obtaining expert advice through the CEO on matters of concern within the scope of these Terms of Reference following authorisation from Council.

1.3 Outsourced Internal Audit Service Provider (Internal Auditor)

To recommend to Council the person or persons to be appointed as the City's Internal Auditor.

1.4 Internal Audit

i. Provide guidance and assistance to Council in carrying out functions of the City in relation to internal audits.
ii. Discuss with Internal Audit Function (In-house Internal Audit Team and Outsourced Internal Audit Service Provider) and management other topics that should be included in the internal audit charter.
iii. Review and recommend the Internal Audit Charter to Council for endorsement.
iv. Ensure the Internal Audit Function has unrestricted access to, and communicates and interacts directly with the Committee, including regular and direct communication without senior management present as the need arises.
v. Assess the internal audit plan to ensure that it comprehensively covers risks that may threaten the achievement of strategic objectives.
vi. Review and recommend the City's risk-based internal audit plan to Council for endorsement.
vii. Review the scope of the audit plan and program and its effectiveness.

viii. 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.
ix. Review the level of resources allocated to internal audit and the scope of its authority.
x. Review internal audit reports, monitor and oversee management's implementation progress of the internal audit review recommendations through the City's Internal Audit Log reported to the Committee on a biannual basis.
xi. Review the annual Internal Audit review of Compliance Audit Return and report to Council the results of that review.
xii. Review and consider the CEO's triennial review as stipulated in Regulation 17 of the *Local Government (Audit) Regulations 1996* on the appropriateness and effectiveness of the City's systems and procedures regarding financial management, legislative compliance and risk management; and report to Council for endorsement.
xiii. Review of all internal audit reports and the adequacy of Management's responses to internal audit recommendations.
xiv. Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), and with Council's own standards.
xv. Make appropriate enquiries of management and Internal Audit Function to determine whether scope or resource limitations are appropriate.
xvi. Receive communications from in-house internal audit team about Internal Audit Function's:
    a. performance relative to its plan, and
    b. quality assurance and improvement program including results of external assessments conducted at least once every five years.
xvii. Monitor and review the quality of internal audit services delivered and compliance with the Institute of Internal Auditor's (**IIA)** Global Internal Audit Standards (**Standards**) as outlined in the Internal Audit Charter.

1.5 External Audit

i. The Auditor General of Western Australia (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:
    a. the objectives of the audit;
    b. the scope of the audit;
    c. a plan of the audit;
    d. details of the remuneration and expenses to be paid to the auditor; and
    e. the method to be used by the local government to communicate with, and supply information to, the auditor.
ii. Accept responsibility for the annual external audit.
iii. 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.
iv. Liaise with the CEO to ensure that the City does everything in its power to:
    a. assist the auditor to conduct the audit and carry out his or her other duties under the Act; ensure that audits are conducted successfully and expeditiously; and
    b. 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.
v. 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.
vi. Review the City's draft annual financial report, focusing on:
    a. Accounting policies and practices;
    b. Changes to accounting policies and practices;
    c. The process used in making significant accounting estimates;
    d. Significant adjustments to the financial report (if any) arising from the audit process;
    e. Compliance with accounting standards and other reporting requirements; and
    f. Significant variances from prior years.
vii. 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.
viii. Discuss the external audit plan including proposed audit strategies and how they might relate to identified risk areas.

ix. 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.

1.6 Risk Management, Fraud, and Internal Control

The Committee oversees the City's system of risk management and internal controls. It's responsibilities include, but not limited to:

i. Reviewing and overseeing progress and updates on all Strategic Risks biannually and significant risk exposures and controls issues, including fraud risks, governance issues and other necessary matters.
ii. Overseeing the management of Strategic and Corporate Risks rated extreme and high on a quarterly basis.
iii. Reviewing whether the City has an effective Risk Management Framework and is in line with Council's risk appetite and processes.
iv. Considering the adequacy and effectiveness of internal controls and the risk management framework, but not limited to:
    a. Reviewing management's response to risks, including IT risks.
    b. Reviewing management reports on communication from external parties including regulators that indicate problems in the internal control system or inappropriate management actions.
v. Monitoring changes in government strategies, the economic and business environment and other trends and factors related to the City's risk profile.
vi. Considering the impact of organisational culture on risk management and internal controls.
vii. Liaising with other committees on matters relating to risk management, fraud and internal control. Oversight of risk management, including fraud, misconduct and corruption control.
viii. Review the City's Risk Management Framework for identifying, monitoring and managing business risk, including risks associated with fraud, misconduct and corruption.
ix. Review the Strategic Internal Audit Plan annually to ensure it covers fraud, misconduct and corruption risks.
x. Review summary reports from management on all actual frauds, thefts and breaches of laws and ensuring these are reported to the accountable authority and/or relevant authorities.

1.7 Corporate Reporting

i. To consider and oversee the Contract Status Report and Unexecuted Lease Report biannually.
ii. To consider and provide oversight of the Purchasing Policy (Section 5.7.2) Chief Executive Officer Exemption approvals biannually.

2. Membership

2.1 Members shall conduct their duties and make recommendations in a manner that upholds the principles of impartiality and independence all times.

2.2 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 will have a broad range of skills and experience relevant to the operations of the Council:

i. at least one member with financial qualifications and experience with an understanding of accounting and auditing standards in the public sector/local government environment,
ii. skills and experience relevant to discharging responsibilities, including experience in business, financial and legal compliance, risk management, and
iii. local government background and experience as applicable.

2.3 The Committee must comprise a minimum of three Members appointed by Council by absolute majority.

The membership of the Committee is to include:

i. Independent Members, including the Presiding Member (compulsory) and Deputy Presiding Member (optional);
ii. The Mayor;
iii. Council Members as determined by Council.

2.4 The Presiding Member, Deputy Presiding Member (if appointed) and the Deputy of the Presiding Member must be independent persons and cannot be Council Members of this or any other local government.

2.5 The Deputy of the Presiding Member (compulsory), Chief Executive Officer and the City's employees are not Members of the Committee.

2.6 The Members should keep themselves informed and demonstrate they have the skills and experience to effectively discharge their responsibilities as detailed in these Terms of Reference. Members are expected to:

i. understand the legal and regulatory obligations of the Council,
ii. understand the City's governance arrangements that support achievement of the strategies and objectives,
iii. exercise due care, diligence and skill when performing their duties,
iv. adhere to the City's Council Member, Committee Member and Candidate Code of Conduct and demonstrate behaviours which reflect the City's desired culture,
v. be aware of contemporary and relevant issues impacting the public sector/local government, and
vi. only use information provided to the committee to carry out their responsibilities, unless expressly agreed by the Council.

2.7 Tenure

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

2.8 External Independent Members

i. The External Independent Members (Independent Member/s) must have senior business, financial management, risk management, governance or requisite knowledge and skills to benefit the Committee. All recommendations to appoint an independent member must be made by the Committee to Council.

2.9 Appointments

i. The appointments follow a structured and transparent process to ensure impartiality and alignment with legislative requirements. Expressions of interest for appointment of any Independent Member shall be publicly advertised by Council. Appointment of any Independent Member will be for a maximum period of two years. An external independent member is not to be a City employee or Council Member.
ii. Where new Members are appointed to the Committee after an election or appointment, the City will conduct an induction at the first meeting following the appointment, to help support the skills and experience of the Committee Members.

2.10 Termination and Resignation

i. Council must give written notice to any Member that Council proposes to remove them from the Committee at any time before their term expires and must provide them the opportunity to make a deputation at the relevant Agenda Briefing or Council Meeting as applicable.
ii. A member can resign from the Committee by providing written notice to the Presiding Member at any time before their term expires.

2.11 Fees

i. An 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 The Deputy of the Presiding Member will be entitled to meeting attendance fees and reimbursements if both the Presiding Member and

Deputy Presiding Member are absent.

3. Presiding, Deputy of the Presiding and Deputy Presiding (optional) Members:

3.1 The Presiding Member, Deputy of the Presiding Member and Deputy Presiding Member are to be elected by Council resolution in accordance with the Act and section 2.7 Appointments (i) above.

3.2 The Presiding Member will preside at all meetings.

3.3 In the absence of the Presiding Member, the Deputy Presiding Member will preside over the meeting. In the absence of both the Presiding Member and Deputy Presiding Member, the Deputy of the Presiding Member will preside over the meeting. In all their absence, a person is to be elected by the Committee to preside over the meeting.

3.4 The Presiding Member is responsible for the proper conduct of the Committee.

4. Meeting Procedure:

4.1 Procedure

i. The Committee shall meet on a regular basis at least quarterly and as required.
ii. The Committee meetings are now open to the public, except where confidential matters as defined in section 5.23 of the Act require closure.
iii. All meeting dates are advised to Council and Committee Members via the City's Corporate calendar invitation.
iv. An agenda will be circulated to the Members in accordance with the Act prior to each meeting.
v. Minutes of all meetings will be kept in accordance with the Act.
vi. Copies of all agendas and minutes will be kept on the City's electronic record keeping system, and will be available on the City's website.
vii. All agenda and minute documentation to be generated through the City's applicable software reporting system.
viii. The Presiding Member 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.
ix. Committee recommendations have no effect unless they have been made by simple majority. A simple majority is not less than half of the votes of Members present at the meeting.
x. All Members have one vote. The Presiding Member will have the casting vote and simple majority will prevail.
xi. An officer from the Office of the Auditor General (**OAG**) will be invited to attend up to three committee meetings in a calendar year as an observer. This was requested and declared carried by the Committee at its meeting on 19 September 2023.

4.2 Quorum

i. As prescribed in section 5.19 of the Act, the quorum for a meeting shall be at least 50% of the number of offices of the Committee, whether vacant or not.
ii. The CEO or his/her nominee is to attend all Committee meetings to provide advice and guidance to the Committee.

4.3 Independence and Conflict of Interest

i. The Committee must remain independent from management but will be administratively supported by the City.
ii. At the start of each Committee meeting, members are required to declare any known conflicts of interest that may apply to specific matters on the meeting agenda. Committee Members should have regard to the Council Member, Committee Member and Candidate Code of

Conduct when considering what disclosures may be required.

iii. It is the Committee Members responsibility to excuse themselves from the meeting or from the committee's consideration of the relevant agenda item(s) depending on the nature of the interest declared.

iv. Details of any interests declared by Members, and actions taken to manage the conflicts, should be appropriately recorded in the meeting minutes and the Register of Conflicts of Interest.

5. Authority of Establishment

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

5.2 The Committee is a formally established committee of the Council and is responsible to the Council.

5.3 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.

6. Delegated Authority:

6.1 The Committee does not have:

i. Any delegated authority approved by Council;

ii. Executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility; and

iii. Any management functions and cannot involve itself in management processes or procedures

Administration Use Only			
Date of Council Establishment of Group:		GS06-11/05: July 2008	
Council Minute – Ref:		CE02-06/26	
Terms of Reference - HPE Ref:		19/265363(v5)	
HPE Container – Ref:		54814*	
Operational Procedures - HPE Ref:		N/A	
Last Review Date:	23 June 2026	**Next Review Date:**	June 2028