Terms of Reference

Committee:	Audit, Risk, and Improvement Committee
Responsible Directorate:	Corporate and Community Services
Version:	

1. INTRODUCTION

1.1. The Council of the Shire of Ravensthorpe has established an Audit, Risk and Improvement Committee (the Committee) pursuant to Part 7 of the Local Government Act 1995 (the Act).

1.2. The Committee is established to fulfil the requirements of Part 6, Financial Management and Part 7, Audit, of the Act.

1.3. The Committee provides appropriate advice and recommendations to the Council on matters relevant to these Terms of Reference.

1.4. The Committee will act in accordance with the provisions of the Act, the local laws and policies of the Shire of Ravensthorpe and these Terms of Reference.

2. OBJECTIVES, DUTIES AND RESPONSIBILITIES

2.1. The Committee operates to assist Council to fulfil its corporate governance, stewardship, leadership and control responsibilities in relation to financial reporting and audit, internal audit and risk management.

2.2. The primary objective of the Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the local government's compliance with the relevant sections of the Act, in managing its financial affairs.

2.3. The specific duties and responsibilities of the Committee are to:

a. Provide guidance and assistance to the Council as to the carrying out the functions of the local government in relation to audits and financial management;

b. Meet with the external auditor at least once each year.

c. Liaise with the CEO to ensure that the local government does everything in its power to:

i. Assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and

ii. Ensure that audits are conducted successfully and expeditiously;

d. Examine the reports of the auditor after receiving a report from the CEO to:

i. Determine if any matters raised require action to be taken by the local government; and

ii. Be satisfied that the CEO has taken appropriate action is taken in respect of those matters;

e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and present the report to council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;

f. Consider and recommend adoption of the annual financial report to the Council;

g. Address issues brought to the attention of the Committee in relation to the external audit, including responding to requests from the Council for advice that are within the parameters of the Committee's Terms of Reference;

h. Review reports of internal audits and monitor continuous improvement through the implementation of recommendations made by internal audit;

i. Review the annual Compliance Audit Return, consider the report from the CEO and recommend to the Council the results of that review;

j. Review the scope of internal and external audit to promote compatibility, to the extent appropriate, between each audit program;

k. Oversee periodic reviews of the Shire's risk management framework;

l.

m. Receive and consider reports from the Shire relating to significant strategic risks;

n. Review the level of resources allocated to internal audit and risk management;

o. Assist Council in ensuring that the Shire is taking a sound approach to fraud and corruption detection, by monitoring and assuring there are appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities;
p. Consider the CEO's triennial reviews of the appropriateness and effectiveness of the local government's financial management systems and procedures and report to the Council the results of those reviews;
q. Oversee continuous improvement through the implementation of any action required following the receipt of a review into the appropriateness and effectiveness of the local government's financial management systems and procedures;
r. Consider the CEO's triennial reviews of the appropriateness and effectiveness of the local government's systems and procedures regarding risk management, internal control and legislative compliance, and report to the Council the results of those reviews; and
s. Oversee continuous improvement through the implementation of any action required following the receipt of a review into the appropriateness and effectiveness of the local government's systems and procedures regarding risk management, internal control and legislative compliance
t. Review and make recommendations in relation to identified continuous improvement opportunities.

3. POWERS OF THE AUDIT, RISK AND IMPORVEMENT COMMITTEE

3.1. The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference. This is 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.

3.2. The Committee is a formally appointed committee of council.

3.3. 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 responsibility.

3.4. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

4. MEMBERSHIP

4.1. The Committee will consist of:
   a. All Councillors;
   b. Two independent external members.

4.2. The independent external members will be selected based on criteria which includes the following:
   a. Demonstrated expertise and knowledge in financial management, risk management, governance or audit (internal and external);
   b. Understanding of the duties and responsibilities of the position; ideally with respect to local government financial reporting and auditing requirements;
   c. Strong communication skills; and
   d. Relevant skills and experience in providing independent expert advice.

4.3. Independent external members will be persons with no operational responsibilities with the Shire nor will that person provide any other paid services to the Shire either directly or indirectly during their appointment.

4.4. Appointment and re-appointment of independent external members will be made by Council after consideration of the CEO's recommendation, after the biennial local government elections.

The evaluation of potential members will be reviewed by the CEO, and appointments will be made by the Council.

4.5. Independent external members will be required to complete a confidentiality agreement and confirm that they will operate in accordance with the Shire's code of conduct. They will also be required to follow any Shire policies pertaining to the Committee operations.

4.6. Meeting attendance fees and reimbursement of approved expenses may be paid to an independent external member in accordance with s 5.100 of the Act and relevant determinations of the Salaries and Allowances Tribunal, and as determined by Council.

4.7. The CEO and employees cannot be members of the Committee.

a. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee.

4.8. The local government shall provide secretarial and administrative support to the Committee.

4.9. Membership of a member of the Committee may be ceased in accordance with the Act.

5. PRESIDING MEMBER

5.1. The Council will appoint a Presiding Member and Deputy Presiding Member to conduct its business in accordance with s5.12 of the Act.

5.2. The Presiding Member and Deputy Presiding Member will be independent external members.

6. MEETINGS

6.1. The Committee shall meet at least three times per year.

6.2. Additional meetings shall be convened at the discretion of the Presiding Member.

6.3. The Committee will report to Council in accordance with Local Government (Audit) regulations 1996.

6.4. Notice of meetings will be given to members at least five days prior to each meeting, with the agenda papers to be provided to members not less than 72 hours prior to the meeting.

6.5. The Presiding Member will ensure that minutes of all meetings are kept in accordance with the Shire of Ravensthorpe Standing Orders Local Law 2010.

6.6. All members of the Committee will have one vote. If the vote of the members present is tied the Presiding Member must cast a second vote.

7. REPORTING

The Committee is to review and make recommendations to the Council regarding:

(a) Financial Management
   i) changes in accounting practices, policies and material changes in accounting treatment, providing advice on the appropriateness of implementation strategies; and
   ii) the Shire's financial status and performance.

(b) Risk Management
   i) the Shire's risk management strategies and policies;
   ii) the adequacy of the Shire's risk management systems and practices; and
   iii) the management of strategic risks, identifying as appropriate, specific risks for more detailed review and response.

(c) Internal Controls
   i) the standard and effectiveness of the Shire's corporate governance and ethical considerations;

ii) the integrity, adequacy and effectiveness of the Shire's financial and administrative policies, systems and controls in providing financial and governance information which:
- is accurate and reliable;
- complies with legislative obligations and requirements; and
- minimizes the risk of error, fraud, misconduct or corruption; and

iii) the efficiency and effectiveness in achieving objectives.

(d) Legislative Compliance
i) the integrity, adequacy and effectiveness of the Shire's systems and controls for legislative compliance;
ii) the level of compliance with legislative obligations as well as the Shire's policies;
iii) the CEO's report on the review of the Shire's legislative compliance systems, at least once triennially; and
iv) the annual statutory Compliance Audit Return.

(e) Internal and External Audit Planning and Reporting
i) the integrity, adequacy and effectiveness of the Shire's Audit Plan;
ii) reports, findings and recommendations arising from Internal and External Audits;
iii) the audit of the Shire's Annual Financial Statements;
iv) the integrity, adequacy and effectiveness of the management response and any actions proposed to be taken to address issues raised by the Auditor; and
v) the oversight and monitoring of implementation of agreed actions.

8. QUORUM

8.1. The quorum for a meeting will be at least 50% of the number of offices of membership.

9. EVALUATION OF COMMITTEE'S EFFECTIVENESS

9.1. At the meeting of the Council prior to the ordinary Council elections, employees will present for Council's consideration a review as to the effectiveness and ongoing relevance of the Committee. In preparing the review the CEO shall ensure that the Committee has input, and is able to comment on the evaluation.

10. APPROVAL

DOCUMENT CONTROL BOX		
Custodian: Chief Executive Officer	**Decision Maker:** Council	
Compliance Requirements: Delegated Authority – DA 1.1 – Audit Committee provides authority for the Committee to fulfil the duty of the Council to meet with the Shire's External Auditor at least once per year [s.7.12A(2)].		
Legislation: S7.1A. [Audit Committee] of the Local Government Act 1995		
Industry:	Local Government Operational Guidelines	
Organisational:	https://www.dlgsc.wa.gov.au/docs/default-source/local-government/operational-guidelines/operational-guideline-9-the-appointment-function-and-responsibilities-of- audit-committess.pdf?sfvrsn=77bf5a06_1□	
Document Management:		
Risk Rating: Low	**Review Frequency:** 2 Years	**Next Due:**
Version #	**Decision Reference:**	**Description:**
a		Terms of Reference Implementation