



AUDIT, RISK AND IMPROVEMENT COMMITTEE

TERMS OF REFERENCE

INTRODUCTION

In accordance with section 7.1A of the *Local Government Act 1995* (the Act), the Shire of Perenjori ("the Shire") has established an Audit, Risk and Improvement Committee ("the Committee").

These Terms of Reference set out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

FUNCTIONS AND RESPONSIBILITIES

The Committee has the responsibility to provide oversight and assurance to Council in relation to:

- 1) Review the annual Compliance Audit Return (CAR) and report to Council on the results of that review (*Audit Regulations 1996, r14 and r16*).
- 2) Review the Auditor's Report and Management Letter received from the Shire's external auditor and report to Council on any matters raised, including appropriate actions to be taken (*Local Government Act 1995, s7.12A*).
- 3) Monitor the implementation of audit recommendations to ensure appropriate responses are taken in a timely manner (*Local Government Act 1995, s7.12A(3)*).
- 4) Review the CEO's report on the appropriateness and effectiveness of systems and procedures in relation to risk management, internal control, and legislative compliance (biannually) (*Audit Regulations 1996, r17*).
- 5) Review the Financial Management Systems Review (FMSR) conducted in accordance with Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

AUTHORITY

The Committee is a formally appointed committee of Council and is responsible to that body. 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. The Committee does not have management functions and cannot involve itself in management processes or procedures.

The Committee has the authority of Council to:

- Review the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken;
- Request the CEO to seek information or advice in relation to matters considered by the committee;
- Formally meet with internal and external auditors as necessary; and
- Make recommendations to the Council with regard to matters within its scope of responsibility.

All Committee members will be required to adhere to the Shire's confidentiality requirements. In particular, no confidential information received or generated by the Committee will be disclosed to persons not authorised to receive such information.

MEMBERSHIP

- 1) The Committee will be appointed by an absolute majority of Council.
- 2) The committee shall consist of:
 - a) One (1) Independent Presiding Member; and
 - b) All Elected Members of Council.
- 3) Members of the committee shall be appointed for up to a period of two (2) years, aligned with election cycles.

- 4) The appointment of external members shall be based on the following criteria:
 - a) A suitable experienced person who can demonstrate knowledge in financial management, risk management, governance and audit (internal and external).
 - b) Have an understanding of the duties and responsibilities of the position, ideally with respect to local government financial reporting and auditing requirements.
 - c) Have strong communication skills.
 - d) Have relevant skills and experience in providing independent audit advice.
 - e) Be a person with no operating responsibilities with the Shire nor provide paid services to the Shire either directly or indirectly.
- 5) Committee members may be terminated early by Council resolution if:
 - a) The committee, by majority decision, determines the member is not making a positive contribution to the committee.
 - b) The member is found to be in breach of conduct in accordance with the Local Government Act 1995, Council Members, Committee Members and Candidates.
 - c) The member conducts themselves in a manner which brings the Shire of Perenjori into disrepute.

SELECTION AND APPOINTMENT PROCESS

The appointment of the Independent Presiding Member and Deputy to the Presiding Member will be through one or a combination of the following processes:

- a) The CEO will invite expressions of interest for the positions through public advertisement.
- b) The CEO may also review and contact applicants listed on the WALGA Pool of Independent Presiding Members for Local Government Audit, Risk and Improvement Committees.

The CEO will assess and evaluate all potential candidates against the approved selection criteria and provide recommendations to Council.

The Council will determine the appointments by absolute majority, taking into consideration each applicant's qualifications, experience, and demonstrated suitability for the role.

MEETINGS

- a) The Committee shall meet on an as-and-when-required (ad hoc) basis at the discretion of the Presiding Member of the committee, the Shire President or the CEO.
- b) Members are expected to attend the committee in person, however, electronic attendance is permitted where a member is unable to present in person. The Presiding Member and CEO must be informed of electronic attendance by a member 24 hours prior to the meeting.
- c) The CEO and relevant staff will attend meetings to provide advice and guidance to the Committee, however they are not members of the committee.
- d) The CEO will invite staff, auditors and other relevant persons to attend meetings as observers and to provide pertinent information, as necessary.
- e) The Presiding Member will preside at all meetings and in their absence, the Deputy to the Presiding Member will assume the Presiding Member role for that meeting.
- f) Each member of the Committee will have one vote. The Presiding Member will have a casting vote and simple majority will prevail. A simple majority is achieved when more than half of the members present at the meeting vote in favour of a motion.
- g) As prescribed in section 5.19 of the Act, the quorum shall be at least 50% of the number of members of the committee, including one of the Presiding Member or Deputy to the Presiding Member, which equates to four (4) members.
- h) Meeting agendas will be prepared and will be provided at least three days prior to the meeting.
- i) Minutes will be taken at each meeting and presented to the next available Council meeting for adoption.