

Audit, Risk and Improvement Committee Terms of Reference

Document Control

Effective date	Next review due	Amendment Details	Prepared by	Endorsed by	Approved by
October 2021	October 2023	Minor amendments including reference to regulations and Code of Conduct.	Manager Governance, Procurement and Land	Chief Audit Executive	Council
October 2023	October 2025	reviewed to ensure alignment with the Local Government Act 1995, minor amendments to reflect internal terminology, attendance via electronic means and Code of Conduct requirements	Executive Manager Governance Services	Chief Executive Officer	Council
October 2025	October 2027	Reviewed to comply with amendments to the <i>Local Government Act 1995</i>	Executive Manager Governance and Commercial Services	Chief Executive Officer	Council

1. Committee's authority and purpose

Authority

In accordance with section 7.1A of the *Local Government Act 1995* (**the Act**), the Council of the City of Mandurah (**the City**) has established an Audit, Risk and Improvement Committee (**the Committee**). The Committee will operate in accordance with all relevant provisions of the Act, the *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996*.

As prescribed in Section 16 of the *Local Government (Audit) Regulations 1996*, the Committee is to provide guidance and assistance to Council on matters relevant to its terms of reference. This role is designed to facilitate informed decision-making by Council in relation to its legislative functions and duties that have not been delegated to the Chief Executive Officer (CEO).

The Committee is a formally appointed Committee of the Council and is responsible to the Council. 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 any management functions and cannot involve itself in management processes or procedures.

Purpose

The purpose of the Committee is to:

- Provide advice and assistance to Council as to the carrying out of the function of the City in relation to annual audits of the City's financial statements (external audit);
- Monitor and receive reports concerning the development, implementation and on-going management of a City-wide risk management plan;
- Monitor and receive reports concerning the development, implementation and on-going management of the City's internal audit function;
- Review the annual Compliance Audit Return and report to Council the results of that review;
- Monitor, receive, consider and review reports from the CEO under regulation 17 of the *Local Government (Audit) Regulations 1996* and regulation 5(2) (c) of the *Local Government (Financial Management) Regulations 1996* and report to Council the results

2. Committee's responsibilities

The Committee is to:

- Meet with the City's external auditor at least once in every year and provide a report to Council on the matter discussed and the outcomes of those discussions;
- Support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability;
- Examine reports of the external auditor after receiving a report from the CEO on the matter, and;
 - Determine if any matter raised requires action to be taken by the City;
 - Ensure that appropriate action is taken in respect of those matters; and
 - Review the report prepared by the CEO in respect of any matters raised in the report of the external auditor and presenting the report to Council for adoption.
- On an annual basis approve the following:
 - Internal Audit Charter;
 - Internal Audit Manual;
 - Strategic Internal Audit and Annual Audit Plans; and
 - Recommendations arising from internal audit services.
- Review the level of resources allocated to internal audit and the scope of the functions authority;
- Receive and review reports of internal audits, review the extent to which management reacts to matters raised by those internal audits, and monitor the implementation of action plans developed in response to those matters to ensure continuous improvement;
- Review the City's annual Compliance Audit Return and report the results of that review to Council;
- Receive and review triennial reports from the CEO regarding the appropriateness and effectiveness of the City's risk management, internal controls and legislative compliance; and
- Support the City's culture of continuous improvement through receiving reports issued by, but not restricted to, the Office of the Auditor General, and Corruption and Crime Commission comparing City's practices with other approaches

3. Committee membership

Composition

The Committee shall comprise of up to eight members, consisting of:

- An Independent Presiding Member;
- One Independent Member;
- Six Elected Members.

Deputies

Council shall appoint an Independent Deputy of the Presiding Member. The Deputy of the Presiding Member only attends a committee meeting if the presiding member is unable to attend.

No elected member deputies are appointed to the committee. The Council can appoint additional deputies, or increase the number of Members of the Committee at any time.

Members of the Committee shall be appointed by Council in accordance with section 7.1A of the Act, which states:

- *The members of the audit committee are to be appointed by the local government and at least 3 of the members, and the majority of the members, are to be council members.*
- *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- *An employee is not to be a member of an audit committee.*

The tenure of members' appointment to the Committee must be compliant with Section 5.11 of the Act, being up to two years terminating on the day of the Ordinary Council elections, at which time all Elected Members will be eligible for reappointment.

Committee members must declare interests in any matter to be discussed at the meeting in accordance with section 5.65 of the Act, in a written notice given to the CEO before the meeting or at the meeting immediately before the matter is discussed.

All members of the Committee are bound by the Code of Conduct for Elected Members, Committee Members and Candidates.

Appointment of Independent Members

Appointment of the Independent Presiding Member, Independent Member and Deputy of the Presiding Member will be made following a public advertisement. The evaluation of potential members will be reviewed by the CEO for recommendation to Council.

The evaluation of potential members will be reviewed by the CEO and appointments will be approved by Council on the basis of the potential member's experience and qualifications in any or all of the following:

- Internal audit;
- Risk management;

- Financial management/reporting;
- Fraud, cyber security, internal controls;
- Understanding of complexities associated with the City of Mandurah.

The external Independent Members will be a person with no operating responsibilities with the City of Mandurah, nor will that person provide paid services to the City either directly or indirectly.

Any instance where an external member has a commercial interest, or is closely associated with an organisation that has an interest in the business of the City which represents a conflict of interest or pecuniary interest, or there is a risk or perception of conflict of interest, should be declared to the CEO before or at the relevant Committee meeting.

Termination of appointment

- Council may terminate the appointment of any member at any time in accordance with the Act.

Committee member entitlements

All Committee members will be provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the City of Mandurah budget for this purpose.

External independent members are paid a sitting fee in accordance with the *Salaries and Allowances Tribunal* determination for the applicable financial year.

4. Role of City staff

The following will be issued with a standing invitation to attend Committee meetings, in order to provide advice and guidance to the Committee:

- CEO;
- Executive Leadership Team;
- Chief Audit Executive (CAE) (or some other person as determined by the CEO to act as the CAE);
- Executive Manager Governance and Commercial Services; and
- Representative of the Office of the Auditor General.

The Internal Auditor will be invited to present reports as and when required by the Committee. Internal audit services providers or specialists may be requested to present to the Committee as required.

Other staff may be invited to attend meetings to discuss specific issues or reviews as and when required.

Such attendees may take part in the discussions and business of the meetings, but have no voting rights.

A Minute Officer will be appointed by the CEO to assist the Committee as follows:

- (a) Arranging meetings, preparing agendas, preparing minutes;

- (b) Taking action to implement Committee decisions as guided by the City's Governance section in relation to:
- Obtaining information for the next or future meeting;
 - Preparing a paper for the next or future meeting;
 - Coordinating relevant staff of the City to provide advice at the next or a future meeting;
 - Promulgating decisions e.g. reporting, providing or seeking advice on significant correspondence of all kinds.
- (c) Preparing background notes;
- (d) Providing advice to the Presiding Member, Committee Members and Committee users on Committee policy and process matters; and
- (e) Maintaining appropriate Committee records in an accessible form.

5. Committee meetings

Quorum

As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not), including at least one Independent Member.

In the Presiding Member's absence, the Deputy of the Presiding Member shall perform the functions of the Presiding Member.

Attendance by Electronic Means

Committee members may be authorised to attend meetings by electronic means. Attendance by electronic means must be in accordance with regulation 14 (c) of the *Local Government (Administration) Regulations 1996*.

Frequency

Meetings will be scheduled where necessary to allow the Committee to discharge its functions up to seven times per year.

Agenda

An agenda will be distributed at least 72 hours prior to the meeting, along with the minutes of the previous meeting, reports and other attachments or information to be addressed.

Public Attendance at Meetings

The Committee meeting will be open to the public.

In accordance with Section 5.23 of the Act, the Committee may close to members of the public at the meeting or part of the meeting, if the meeting or the part of the meeting deals with a number of aspects as defined by Section 5.23 of the Act.

Voting

Voting is in accordance with Section 5.21 of the Act.

Minutes and matters arising

All meetings shall be minuted by the Minute Officer, and minutes shall be approved by the Committee at the next Committee meeting.

Reporting

Recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

Confidentiality

All Committee members will be required to adhere to the City's confidentiality requirements. In particular, no confidential information received or generated by the Committee will be disclosed to unauthorised persons.