

Shire of



GNOWANGERUP

BORDEN ♦ GNOWANGERUP ♦ ONGERUP

Heart of the Stirlings

AUDIT, RISK AND IMPROVEMENT COMMITTEE

TERMS OF REFERENCE

Establishment

The Audit, Risk and Improvement Committee (the Committee') is established by the Shire of Gnowangerup (the Shire') in accordance with the *Local Government Act 1995* (the Act').

Objectives of the Audit, Risk and Improvement Committee

The audit committee assists Council in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, the entity's processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit. The audit committee is not responsible for the management of these functions.

The Committee will oversee the Shire in carrying out its functions in accordance with the Act and the obligations set out in the subsidiary regulations (Local Government (Audit) Regulations 1996 and the Local Government (Financial Management) Regulations 1996).

Authority

The Committee has the power to:

- 1) Request the CEO to seek information to obtain advice relating to matters presented to the Committee.
- 2) Report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference.

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 any management functions and cannot involve itself in management processes or procedures.

Membership

- 1) Members are appointed to the Committee by Council in accordance with the Act.
- 2) The Committee is to consist of three (3) or more members with at least three (3) or the majority of members to be Council members.
- 3) The Committee can include up to two (2) external members ('Independent Member' - a person who is not a council member or an employee as provided by the with relevant legislation).
- 4) Tenure of membership applies until the next local government ordinary election, in accordance with relevant legislation.

- 5) Council may re-appoint external members of the Committee for consecutive terms.
- 6) Members may resign from the Committee by giving the CEO or the Committee's Presiding Member written notice of their resignation, as permitted under the relevant legislation.
- 7) Council may terminate the membership of any member prior to the expiry of their term if the Council determines a member is:
 - (a) In breach of the Act or the Code of Conduct for Council Members, Committee Members and Candidates,
 - (b) Conducting themselves in a manner which brings the Shire into disrepute, or
 - (c) Failing to make a positive contribution to the Committee.

Meetings

- 1) The quorum for a meeting of the Committee is at least 50% of the number of officers, but in accordance with relevant legislation.
- 2) The appointment of the presiding member and the deputy will be in accordance with relevant legislation.
- 3) Each member of the committee who is present at a meeting is entitled to one vote and must vote, in accordance with relevant legislation.
- 4) If the votes of members present at a meeting are equally divided, the person presiding is to cast a second vote but in accordance with relevant legislation.
- 5) Committee meetings are open to the public in accordance with relevant legislation.
- 6) The Committee shall meet no less than three (3) times a year. The CEO (or their nominee) is to be available to attend meetings. Additional meetings shall be convened at the discretion of the Presiding Member.
- 7) The Committee may meet without management being present.

Code of Conduct

Committee Members must adhere to the Shire's Code of Conduct for Council Members, Committee Members and Candidates.

Administrative Matters

- 1) Reports and recommendations of the Committee will be presented to Council at the next available Ordinary Council Meeting.
- 2) CEO or the Deputy CEO are to provide Governance support and a minute taker for each Committee meeting.
- 3) Minutes will be kept in accordance with the Act.
- 4) Committee Members' interests in matters to be discussed at meetings are to be disclosed in accordance with the Act. Committee Members are to conduct themselves in accordance with the Shire's Standing Orders Local Law and the Shire's Code of Conduct for Council Members, Committee Members and Candidates.
- 5) These Terms of Reference are to be reviewed at least once every two (2) years.

Roles and Responsibilities

The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation. The Committee is not responsible for the management of these functions.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources.

The Committee is responsible for advising Council on matters to facilitate their oversight responsibilities in relation to systems of risk management and internal control, the Shire's processes for monitoring compliance with laws and regulations, including the code of conduct, financial and performance reporting and external and internal audit, as well as use of best practice guidelines relative to those matters.

Furthermore, the Committee also has oversight of the following:

- 1) External Audit and Financial Reporting
 - a) Oversee the risks and protection of Council assets to protect the Council against fraud.
 - b) Oversee financial management and implementation of new or replacement Business Systems that have potential to affect services provided by the Shire.
 - c) Monitor compliance within relevant statutory obligations.
 - d) Monitor the implementation of audit recommendations accepted by the Shire.
 - e) Monitor the scope, objectivity, performance, and independence of audit functions.
- 2) Compliance
 - a) Review the annual Compliance Audit Return and report the results to Council.

- b) Review the CEO's Triennial Review in regard to risk management, internal control and legislative compliance, and report the results to Council within the statutory timeframe.
 - c) Review the effectiveness of systems for monitoring compliance with relevant laws, regulations and associated policies.
- 3) Risk Management
- a) Review and endorse the Shire's risk appetite.
 - b) Assist the Shire in ensuring that the enterprise risk management (ERM) framework is adequate, meets the needs of the Shire, and reflects the Shire's risk appetite.
 - c) Consider any emerging risks and report these to Council where appropriate.
 - d) Ensure business continuity and disaster recovery plans are adequate and being reviewed and tested.
- 4) Internal Control Systems
- a) Review the effectiveness of the Shire's internal control framework.
 - b) Review how the Shire identifies changes required to the design or implementation of key internal controls.
 - c) Receive and consider information and advice on fraud strategies and controls.