

Audit, Risk and Improvement Committee

Terms of Reference

1. Name

The name of the Committee is the Audit, Risk and Improvement Committee (the Committee).

2. Purpose

The purpose of the Committee is to support the Council in fulfilling its governance and oversight responsibilities as they relate to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

3. Responsibilities

3.1 External Audit

To provide guidance and assistance to the City to carry out its functions under Part 7 of the *Local Government Act 1995* (the Act) as well as other functions relating to other audits and matters related to financial management.

- a) Meet with the auditor at least once every year and report to Council on the matters discussed and the outcome of discussions.
- b) Examine and review the reports of the auditor, together with accompanying reports of the Administration to ensure adequate measures have been taken in respect of any matters of concern raised.
- c) Review the draft annual financial report focusing on accounting policies and practices and changes thereto, process used in making significant accounting estimates, adjustments to financial statement arising from the audit process, compliance with Accounting Standards and other legislation, and significant variances when compared to prior year.

3.2 Internal Audit

Receive and review regular reports from the Chief Executive Officer and / or Internal Auditor on the relevance, appropriateness, integrity and adequacy of the internal audit processes being utilised at the City.

- a) Provide direction on the development of the City's Audit Plan
- b) Review of key internal controls within accounting systems
- c) Review of accounting systems and procedures
- d) Review compliance of Council Policies and Practices with relevant legislation
- e) Review the annual statutory Compliance Audit Return, making recommendation to Council on the completed return.

- f) Review the Chief Executive Officer's biennial review of systems
- g) Review monthly and annual financial reports to Council, ensuring compliance with legislation and Australian Accounting Standards
- h) Special reports as required from time to time by the Committee.

3.3 Risk Management

To identify and assess risks and manage the mitigation of risk overall.

- a) Review and assess risk management practices, policies and procedures used as part of operational planning processes, making recommendations to Council on the adequacies of these systems.
- b) To review the assessment of control activities and business processes, including an assessment of risk and compliance with legislation and accounting policies.
- c) Identify as appropriate, specific risks for more detailed review and assessment.

3.4 Performance and Process Improvement

Review the performance of the City's Business Units and provide direction and input on:

- a) Efficiency and effectiveness in achieving outcomes
- b) Efficiency and effectiveness in delivering outcomes
- c) Identification of business process improvement opportunities.

4. Council's Strategic Alignment

Kalamunda Advancing - Strategic Community Plan to 2031

Strategy 4.1.1 Provide good governance.

5. Membership

- a) The Committee shall consist of seven members.
- b) The membership of the Committee shall consist of the Mayor, one Elected Member from each ward and two independent external members.
- c) The Committee shall have four deputy members, three of whom will be Elected Members, one will be an independent external member.

All Committee members are required to adhere to the City of Kalamunda Code of Conduct - Elected Members, Committee Members and Candidates.

6. Term of Membership

Members are appointed for two (2) year terms to coincide with the local government election cycle.

7. Committee Support

The CEO, Director of Corporate Services, Manager Financial Services and Manager Governance will attend meetings of the Committee. Other members of staff may attend as required and may speak at the meeting.

Auditors, external and internal, may be invited by the Presiding Member to the meeting.

8. Meetings

The Committee shall meet at least once every three months and such additional meetings as determined in order for the Committee to fulfil its duties. Meetings will be open meetings in the context of Section 5.23(1) of the Act. Decisions of the Committee are to be made by a simple majority and will be considered by Council at the next Ordinary Council Meeting after the committee meeting. A quorum, as identified in section 5.19 of the Act, is at least 50% of the number of members of the Committee.

9. Access

The Committee shall have access to both the internal and external auditors.

10. Powers of the Audit, Risk and Improvement Committee

The Committee is responsible for the provision of guidance and assistance to Council in relation to the annual external audit, liaises with the external auditor to ensure that Council can be satisfied with the performance of the Administration in managing its financial and governance affairs and for ensuring that the City effectively manages risk. The Committee has no delegated authority.