



Special Audit and Risk Committee

AGENDA

Tuesday 31 October 2023



NOTICE OF SPECIAL MEETING

AUDIT & RISK COMMITTEE

Notice is hereby given that a Special Meeting of the Audit and Risk Committee will be held in the Council Chambers, Administration Centre, 2 Railway Road, Kalamunda, on **Tuesday 31 September 2023 commencing at 7.30 pm.**

Gary Ticehurst
A/Chief Executive Officer

26 October 2023

Agenda

1. Official Opening
2. Attendance and Apologies
3. Election of Presiding Member
4. Election of Deputy Presiding Member
5. Closure



Audit and Risk Committee

Revised Terms of Reference

(LAST UPDATE 28/08/2018)

The Council of the City of Kalamunda has resolved to establish an Audit and Risk Committee with responsibility for supporting the City 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.

1. Name

The name of the Committee shall remain as the Audit & Risk Committee.

2. Purpose

The Committee is responsible for providing guidance and assistance to Council in relation to the annual external audit and 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.

The Committee will work with the Internal Auditor to ensure that internal audit work complements that of the external auditor and is effective in improving the efficiency of City operations and internal control systems. The review and assessment of risk management and risk management projects is part of the Internal Auditor role and the Committee will review the work of the Internal Auditor. It is noted that internal audit has been outsourced and that the Internal Auditor will present his first report in 2018.

The Committee will also review the Annual Compliance Audit Return and the CEO's biennial reviews of systems.

3. Objectives

3.1 External Audit

To provide guidance and assistance to the local government –

- i. To carry out its functions in relation to audits under Part 7 of the Act;
- ii. To develop process to be used to select and appoint a person to be an auditor and recommend to Council the person or persons to be appointed as auditor;
- iii. To perform its functions under Part 7 of the Act; and
- iv. To carry out functions relating to other audits and other matters related to financial management, including particularly a review of the draft Annual Financial Report.

3.2 Internal Audit

To review regular reports and audit plans in accordance with, and in terms of the integrity, adequacy and effectiveness, of such plans.

- i. Review of compliance with Council Policies and Practices;
- ii. Review of key internal controls within accounting systems;
- iii. Review of accounting systems and procedures;
- iv. Review the annual statutory Compliance Audit Return;
- v. Ensure monthly and annual financial reports to Council complies with legislation and Australian Accounting Standards;
- vi. Special reports as required from time to time by the Audit Committee; and
- vii. An assessment of risk management practices, policies and procedures used as part of operational planning processes and procedures.

3.3 Risk Management

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

- i. To review and make recommendations to the Council on the City's risk management strategies, policies, systems and practices and the adequacy of same, the management of strategic risk, and identifying as appropriate, specific risks for more detailed review and assessment.
- ii. To review the assessment of control activities and business processes, including an assessment of risk and compliance with legislation and accounting policies.

3.4 Performance and Process Improvement

To review the performance of the City's business units with regards to:

- i. Assessing the effectiveness of the City's business units in achieving its outcomes;
- ii. Assessing the efficiency of the City's business units in delivering outcomes

4. Council's Strategic Alignment

Kalamunda Advancing - Strategic Community Plan to 2027

Strategy 4.1.1 Provide good governance.

5. Membership

The membership of the Committee shall consist of all elected members. In addition, a suitable qualified external member shall be appointed to the Audit & Risk Committee.

6. Term of Membership

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

7. Observers

The CEO, Director of Corporate Services and Manager Financial & Risk Services can attend meetings of the Committee. Other members of staff may attend by invitation and may speak at the meeting.

Auditors, external and internal may be invited by the presiding member to the meeting.

8. Meetings

The Audit and Risk Committee shall meet at least once every three months and such additional meetings as the chairperson shall decide in order for the Committee to fulfil its duties. Meetings will be open meetings in the context of Section 5.23(1) of the *Local Government Act 1995*. 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.

9. Access

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

10. Powers of the Audit 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 City effectively manages risk.

11. Duties and Responsibilities

The duties and responsibilities of the Committee are outlined within the four primary focus areas:

11.1 External Audit

- a) Develop and recommend to Council an appropriate process for the selection and appointment of the City's auditor and recommend an auditor after the appropriate tender process.
- b) Develop and recommend to Council a written agreement for the appointment of an auditor, including objectives, scope, audit planning, remuneration, communication methodology and requirements for evaluation of financial systems.
- c) Meet with the auditor at least once every year and report to Council on the matters discussed and the outcome of discussions.
- d) Examine and review the reports of the Auditor, together with accompanying reports of the Chief Executive Officer or Manager Financial & Risk Services to ensure that adequate measures have been taken in respect of any matters of concern raised.

- e) Review the draft annual financial report focusing on, accounting policies and practices and changes thereto, processes used in making significant accounting estimates, adjustments to financial statements arising from the audit process, compliance with Accounting Standards and other legislation, and significant variances when compared to prior years.

11.2 Internal Audit

Receive regular reports from the Chief Executive Officer, the Manager Finance and Risk and/or the Internal Auditor on the relevance, appropriateness and adequacy of the internal audit processes being utilised at the City;

- a) Provide direction with regard to the development of the City's Audit Plan;
- b) Review of compliance with Council Policies and Practices and with relevant legislation;
- c) Review of key internal controls within accounting systems;
- d) Review of accounting systems and procedures;
- e) Review the annual statutory Compliance Audit Return;
- f) Review the CEO's biennial review of systems.
- g) Review the format and content of and of monthly and annual financial reports to Council, ensuring compliance with legislation and Australian Accounting Standards;
- h) Encourage and require the preparation of special reports as required from time to time by the Audit Committee which may extend to process and performance improvement.; and
- i) Review and make recommendations to Council on the completed Compliance Audit Return.

11.3 Risk Management

- a) Assess risk management practices, policies and procedures used as part of operational planning processes and procedure.
- b) Ensure that adequate steps are taken to identify, analyse, evaluate and treat or mitigate risks.
- c) Ensure that the City complies with legislation and accounting principles.

11.4 Performance and Process Improvement

Provide direction and input into the City's efficiency and effectiveness program focusing on:

- a) Evaluating business unit effectiveness in achieving outcomes;
- b) Evaluating business unit efficiency in delivering outcomes.
- c) Identification of business process improvement opportunities.