



# AUDIT RISK & IMPROVEMENT COMMITTEE

## Terms of Reference

# Audit Risk & Improvement Committee

<b>Voting Members</b> <b>3 x Councillors</b> <b>(2 x Deputies)</b> <b>Presiding Member</b>	3 x Shire Councillors  Cr Desiree Male
<b>Deputies</b> <b>Non-voting Members</b> <b>3 x Shire Staff (All non-voting)</b>	2 x Shire Councillors Chief Executive Officer Director Corporate Services Manager Financial Services
<b>Community Delegates</b>	Nil
<b>Officer Responsible</b> <b>Meeting Schedule</b> <b>Meeting Location</b>	Director Corporate Services At least 4 times per year Function or Committee Room, Shire of Broome
<b>Quorum</b> <b>Delegated Authority</b> <b>Secretariat</b>	2 voting members Nil Manager Financial Services

## **FUNCTIONS:**

### **1. NAME**

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

### **2. DISTRICT/AREA OF CONTROL**

Local Government boundaries of the Shire of Broome.

### **3. AUTHORITY**

As prescribed in Regulation 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 legislated responsibility and it does not have any delegated financial responsibility. The Committee does not have management functions and cannot involve itself in management processes or procedures.

### **4. PURPOSE**

The purpose of the Audit and Risk Committee ("Committee") is to support the Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management, internal and external audit functions and ethical accountability.

The Committee is to support Council in discharging its legislative responsibility associated with overseeing the allocation of the Shire's finances and resources, and the effective management of risk. The Committee will promote transparency and accountability in the Shire's financial reporting and promote effective and responsible management of risks to protect the Shire's assets.

### **5. AIMS & FUNCTIONS**

The primary objectives of the Committee are to:

- Accept responsibility for the annual external audit; and
- Liaise with the Shire's external auditors so that Council can be satisfied with the performance of the Shire in managing its affairs

Reports from the Committee will assist Council in discharging its legislative responsibilities and provide oversight of the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. 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 facilitates:

- The enhancement of the credibility and objectivity of internal and external financial reporting
- Effective management of enterprise risks and the protection of Council assets
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance
- The provision of an effective means of communication between the external auditor, the Chief Executive Officer and the Council.

### **5. STATUTE**

## 6. ESTABLISHMENT

In accordance with section 7.1A. of the *Local Government Act 1995* (the Act) the Council of the Shire of Broome (the Shire) 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*.

## 7. MEMBERSHIP

### 6.1 Composition

The Committee will consist of 3 delegates and 2 deputy delegates:

- a) A Presiding Member;
- b) A Deputy Presiding Member; and
- c) One other Council Member.

Council shall appoint 3 elected members as delegates and up to 2 elected members as deputies to those delegates on the Committee.

Council shall appoint the Presiding Member.

Council shall appoint up to 2 deputies for the Council Members (Delegates) of the Audit, Risk and Improvement Committee.

An induction session will be conducted for Members who are appointed to the Committee at the first meeting following the appointment to equip the Members to fulfil their duties on the Committee.

Committee Members must declare conflicts of interest in accordance with regulation 22 of the *Local Government (Model Code of Conduct) Regulations 2021*, 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 Council Members, Committee Members and Candidates. Any instance where a Committee Member has a commercial interest or is closely associated with an organisation that has an interest in the business of the Shire which represents a conflict of interest or pecuniary interest, or there is a risk or perception of conflict of interest, must be declared to the CEO before or at the Committee meeting.

The CEO and employees are non-voting members of the committee. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the committee. The local government shall provide secretarial and administrative support to the committee.

### 6.2 Tenure of Membership

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.

### 6.3 Committee Member Entitlements

All Committee members will be:

- Entitled to receive reimbursement of reasonable expenses
- Provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the Council budget for this purpose.

## 8. DELEGATED AUTHORITY

The Audit and Risk Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed

decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

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.

More specifically, the Committee is to:

- Review the internal and external annual audit plans and the outcomes/results of all audits undertaken;
- Meet with the Shire's appointed external auditors as necessary;
- Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review, prior to adoption of the return by Council.
- Consider proposals from the CEO as to whether the compliance audit, and the reviews of risk management, internal control and legislative compliance, are undertaken internally or an external party is contracted to undertake the task. In the case of an external party the Audit Committee would have responsibility to receive the review report from the CEO and make recommendations on it to full Council.
- Monitoring and reporting on the appropriateness and effectiveness of Council's programs for risk management, internal control and legislative compliance and receive a report from the CEO on risk management matters and the progress of actions from the Improvement Plan.
- Monitoring and reporting on the appropriateness and effectiveness of Council's financial management systems and procedures not less than once in every three financial years and the CEO, through the Audit Committee is to report to Council the results of those reviews.

## **9. COMMITTEE STRUCTURE**

### **8.1 Presiding Member**

As appointed by Council (is the Presiding Member).

### **8.2 Secretariat**

The Manager Financial Services will fulfil this administrative non-voting role.

### **8.3 Standing Ex-Officio Members**

Nil.

## **10. COMMITTEE MEETINGS**

### **9.1 Frequency**

The Committee shall meet on a regular basis but at least quarterly; within fourteen (14) days of receiving the Annual Financial Report and Audit Report from Council's Auditor.

The Manager Financial Services generally calls meetings when required on behalf of the Director Corporate Services.

### **9.2 Quorum**

Quorum is 2 voting members in accordance with section 5.19 of the *Local Government Act 1995*.

### **9.3 Who Acts if no Presiding member**

In the Presiding Member's absence, the Deputy Presiding Member will be the Presiding member. Should the Presiding Member and Deputy Presiding member not be available Committee Members who are present will select a Presiding Member for that particular meeting in accordance with the *Local Government Act 1995* section 5.14.

### **9.4 Voting**

Only elected member representatives are allowed to vote in accordance with section 5.21 of the *Local Government Act 1995*.

### **9.5 Agenda**

An agenda will be distributed at least five days prior to the meeting wherever possible, along with the minutes of the previous meeting, action items, reporting registers and other attachments or reports to be addressed.

#### **9.6 Minutes & Reporting**

In accordance with the *Local Government Act 1995* section 5.22 and 5.25, and *Local Government (Administration) Regulations 1996*.

The minutes are to be submitted to the next Committee meeting for confirmation and are to be signed by the Presiding Member from the meeting at which the minutes are confirmed.

Unconfirmed minutes are to be available for inspection by members of the public within 5 business days after the meeting and Reports and Recommendations arising from the minutes shall be presented to Council at the next Ordinary Meeting for endorsement and/or action, or if this is not possible, then the earliest available Council Meeting.

#### **9.7 Public Attendance at Meetings**

Closed to the public pursuant to section 5.23(2) of the *Local Government Act 1995* and is not required to have questions from the public as there are no Council delegations.

#### **9.8 Members Interests to be Disclosed**

Committee members must declare conflict of interest or pecuniary interests in accordance with *Local Government (Model Code of Conduct) Regulations 2021* section 22 Disclosure of interests, to the Chief Executive Officer before or at the relevant Committee meeting.

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