Shire of Broome

A future, for everyone



AUDIT RISK & IMPROVEMENT COMMITTEE

Terms of Reference

Audit, Risk & Improvement Committee

Composition

Voting Members **2 x Independent Members** **3 x Elected Members (2 x Deputies)**	1 x Independent Presiding Member 1 x Independent Deputy Presiding Member 3 x Elected Members
Independent Presiding Member	To be appointed by Council
Independent Deputy Presiding Member	To be appointed by Council
Elected Member Deputies	2 x Elected Members
Community Delegates	Nil
Officer Responsible	Director Corporate Services
Meeting Schedule	At least 4 times per year
Meeting Location	Function or Committee Room, Shire of Broome
Quorum	2 voting members
Delegated Authority	Nil
Secretariat	Manager Financial Services

1. NAME

The name of the Committee is the Audit, Risk and 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 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. This ensures that the ARIC can fulfill its function as an impartial advisory body separate from the Shire's management, thereby ensuring objective assessments and guidance.

4. PURPOSE

The purpose of the Committee is to 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.

The Committee is to guide and assist Council to fulfil its oversight responsibilities relating to:

a) External and Internal Audit activities;
b) Financial Management processes and controls;
c) Risk Management activities;
d) Internal control effectiveness; and
e) Compliance and Integrity.

<u>Improvement opportunities</u>

In addition to specific audit reports, reports issued by, but not restricted to, the Corruption and Crime Commission, the Office of the Auditor General and Local Government Insurance Services (LGIS) provide valuable information on standards, expectations and benchmarks. These reports present an opportunity to evaluate Shire practices with a view to improve standards, enhance efficiency and reduce costs.

Audit reports relating to improvement opportunities for Shire operations will be tabled for the Committee's information, with any resulting actions captured and monitored by the Shire's governance systems and processes. Action reports will subsequently be reported back to Council via the Committee.

5. RESPONSIBILITIES

The Committee will fulfill the following responsibilities:

5.1 Improvement

- Review and advise on the effectiveness of improvement initiatives, including those arising from internal audits, external reviews, and strategic planning processes.

- Monitor the implementation of agreed recommendations to ensure they are actioned appropriately and contribute to enhanced organisational performance.
- Identify systemic issues or trends that may require broader organisational attention or policy-level responses.

5.2 Risk Management and Fraud Risk Management

- Reviews and advises on the adequacy and appropriateness of the Shire's risk management framework and its capacity to effectively identify, assess, and manage key risks.
- Assesses whether a sound and effective approach has been adopted in managing major risks across the organisation, including those associated with strategic projects, program delivery, and operational activities.
- Reviews the development and implementation of fraud control arrangements and provides assurance that appropriate systems and processes are in place to detect, report, and respond to fraud-related matters.
- Advises on the effectiveness of business continuity and disaster recovery planning, including whether these plans are subject to regular review and testing to ensure organisational resilience.
- Considers emerging risk trends and systemic issues, and reports these to Council where appropriate.

5.3 Internal Control and Internal Audit

- Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- Receive and review all internal audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- Monitor management's implementation of audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

5.4 External Audit

- Meet with the Office of the Auditor General (OAG) and Contract Auditor to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).
- Consider the findings and recommendations of relevant Performance Audits undertaken by the OAG / Contract Auditor and ensure the Shire implements relevant recommendations
- Meet with the Office of the Auditor General and/or Contract Auditor to discuss any matters that the Committee or the OAG / Contract Auditors believe should be discussed privately.
- Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- Monitor management's implementation of external audit recommendations.

5.5 Financial Reporting

- Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- Review with management and the OAG / Contract Auditors all matters required to be communicated to the ARIC under the Australian Auditing Standards and suggest improvements if required.
- Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

5.6 Compliance

- Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.

- Obtain updates from management about compliance matters.
- Review and suggest improvements to the annual Compliance Audit Return (subject to legislation) and report to the Council the results of the review.

5.7 Reporting

- Report regularly to the Council on Committee activities, issues, and related recommendations through the tabling of meeting minutes at the Ordinary Meeting of Council.

5.8 Other Responsibilities

- Perform other activities related to these terms of reference as requested by the Council or through audit recommendations.
- Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

6. STATUTE

Part 6 — Financial Management, of the Local Government Act 1995
Part 7 — Audit, of the Local Government Act 1995
Local Government Amendment Act 2024
Local Government (Audit) Regulations 1996
Local Government (Administration) Regulations 1996
Local Government Regulations Amendment Regulations (No. 4) 2025

The Committee will operate in accordance with all relevant provisions of the Act, the *Local Government Amendment Act 2024,* the *Local Government (Audit) Regulations 1996*, the *Local Government Regulations Amendment Regulations (No. 4) 2025* and the *Local Government (Administration) Regulations 1996*.

7. 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).

8. MEMBERSHIP

8.1 Composition

The Committee will consist of 5 delegates and 2 deputy delegates:

a) An Independent Presiding Member;
b) An Independent Deputy Presiding Member; and
c) 3 Elected Members.

Council shall appoint by absolute majority an Independent Presiding Member, an Independent Deputy Presiding Member, 3 elected members as Members, and up to 2 elected members as Deputies to those Members on the Committee.

Any Deputy Member may perform the functions of any Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a Member [s.5.11A(2)(a),(3) and (4) of the Act].

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 not members of the committee. The CEO and staff identified through the Terms of Reference are 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.

8.2 Presiding and Deputy Presiding Member

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

Appointments will be approved through absolute majority of Council based on the potential member's experience and qualifications in any or all the following:

a) Internal audit;
b) Risk management;
c) Financial management/reporting;
d) Information and Systems Technology;
e) Audit Committee practices; and
f) Understanding of complexities associated with the Shire.

Members of the Committee are expected to:

a) Understand the legal and regulatory obligations of the accountable authority for governing the Shire;
b) Understand the Shire's governance arrangements that support achievement of the Shire's strategies and objectives;
c) Understand subject matter expert reporting; and
d) Adhere to the Shire's code of conduct.

A presiding or deputy presiding member cannot:

a) Be a council member of the Shire or a council member of any other local government;
b) Be an employee of the Shire or someone who is nominated by, or is to be appointed to represent, any employee of the Shire;
c) Have any operating responsibilities with the Shire; or
d) Provide paid services to the Shire either directly or indirectly in any other role.

Per section 7.1B (3) of the Act, if the office of Presiding Member is vacant; or the Presiding Member is not available or is not able or unwilling to perform the functions of Presiding Member, then the Committee Members present at the meeting must choose the deputy of the Presiding Member, if present, to preside at the meeting.

8.3 Tenure of Membership

In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:

a) the term of the person's appointment as a committee member expires; or
b) the local government removes the person from the office of committee member, or the office of committee member otherwise becomes vacant; or
c) the committee is disbanded; or
d) the next ordinary elections day.

8.4 Committee Member Entitlements

Independent Presiding and Deputy Presiding Members will be entitled to meeting attendance fees as determined by Council.

All Committee members will be:

8.4.1 Entitled to receive reimbursement of reasonable travel and associated expenses relating to their attendance at Committee meetings.

8.4.2 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.

8.5 Resignation from the Committee

In accordance with Part 2, Regulation 4 of the Local Government (Administration) Regulations 1996, a Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that Committee members provide a notice period of three months.

8.6 Shire Staff Attendance

The following individuals from the Shire's administration will be present at Committee Meetings to offer advice, guidance, ensure compliance and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Senior Administration and Governance Officer.

The Chief Executive Officer may invite additional staff to attend the meeting as required.

9. DELEGATED AUTHORITY

The Audit, Risk and Improvement 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 whichthe CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have management functions and cannot involve itself in managementprocesses or procedures.

10. COMMITTEE STRUCTURE

10.1 Independent Presiding Member

As appointed by Council (is the Presiding Member).

10.2 Independent Deputy Presiding Member

As appointed by Council (is the Deputy Presiding Member)

10.3 Secretariat

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

10.4 Standing Ex-Officio Members

Nil.

11. COMMITTEE MEETINGS

11.1 Frequency

The Committee shall meet:

- On a regular basis at least quarterly

- Within fourteen (14) days of receiving the Annual Financial Report and Audit Report from Council's Auditor**.**

The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.

Following Council setting its annual Ordinary Council Meeting schedule, the Committee will develop a 12 month meeting schedule including dates and locations which will be published to the Shire website.

11.2 Quorum

As prescribed in section 5.19 of the Act, the quorum shall be at least 50% of the number of members of the Committee, including at least one of the Presiding Member or Deputy Presiding Member, which equates to two (2) members.

11.3 Who Acts if no Presiding member

In the Independent Presiding Member's absence, the Independent Deputy Presiding Member will be the Presiding member.

11.4 Voting

Voting is in accordance with section 5.21 of the Act.

11.5 Agenda

An agenda will be distributed 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**.**

11.6 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 businessdays 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.

11.7 Public Attendance at Meetings

In accordance with Section 5.23 of the Act, the meetings of the Committee will be open to members of the public. However, because of the inherent nature of the meeting dealing with several aspects as defined by Section 5.23, (2), (4)(a)(b)(e)(f) of the Act the Committee will consider closing the meeting to the public at the commencement of the meeting.

11.8 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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3.	22 May 2025	Changes made to reflect legislative changes. OMC Minute No C/0525/029
4.	20 November 2025	Changes made to reflect administration and legislative requirements. OMC Minute No C/1125/025
5.	26 May 2026	Revised version updated SMC 26 May 2026 Minute No C/0526/056