

1. Establishment

The Audit, Risk and Improvement Committee (Committee) has been established by the Council of the Shire of Cunderdin, under section 5.8 of the *Local Government Act 1995* (the Act) and as required by section 7.1A(1).

The Committee is established to fulfil the requirements of *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996* and provides oversight of the financial systems of the local government. Regulation 16 of the *Local Government (Audit) Regulations 1996* sets out the functions of the Committee.

2. Purpose

The Committee's purpose is to support the Council in fulfilling its governance and oversight responsibilities to support sound financial management in relation to financial reporting, audit functions, risk management, internal controls and compliance with legislation and regulations.

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 management has legislated responsibility, and it does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures. The Committee does not have decision making authority, the power to bind Council, nor the power to incur expenditure.

All Committee members will be required to adhere to the Shire's confidentiality requirements. In particular, no confidential information received or generated by the Committee will be disclosed to persons not authorised by the Committee to receive such information.

3. Duties and Responsibilities

The Committee oversees the Shire's systems of financial reporting, risk management, internal control and its opportunities for improvement. Its duty is to provide oversight over significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by the Chief Executive Officer (CEO) or Council.

The duties and responsibilities have been given to the Committee in order to facilitate the achievement of its objectives which include but are not limited to:

3.1 Risk Management and Internal Controls

- a) Reviewing the adequacy of the Shire's risk management framework to ensure systems are in place to identify, manage, and report actual and perceived risks.
- b) Reviewing the effectiveness of the Shire's business continuity planning arrangements to confirm they are current, tested, and operating as intended.
- c) Considering relevant audit reports and publications from the Office of the Auditor General and other relevant sources, to identify lessons and guidance on good practice.
- d) Monitoring and reporting on the effectiveness of the Shire's internal control systems to ensure ongoing compliance and effectiveness with legislative and policy requirements.

3.2 Financial Management

- a) Reviewing the annual financial statements to confirm the accuracy, completeness, and integrity of information presented, and recommending to the Council that the statements be received.
- b) Reviewing performance audits undertaken within the Shire and monitoring the implementation of agreed recommendations.
- c) Assessing the adequacy and appropriateness of the Shire's accounting controls, principles, and policies, and the consistency of their application.
- d) Monitor the Shire's long-term financial sustainability, to ensure that cash reserves and debt levels allow for appropriate asset management.

3.3 Legislative Compliance and Integrity

- a) Reviewing the adequacy and effectiveness of the Shire's fraud control arrangements, processes, and systems.
- b) Remaining informed of legislative and regulatory changes relevant to the Shire's governance, compliance, and audit responsibilities.
- c) Reviewing the Shire's annual Compliance Audit Return and reporting the outcomes of the review and providing recommendations on actions to be taken to Council.

3.4 Audit

- a) Noting the auditor's proposed scope and approach for financial and performance audits.
- b) Reviewing all audit reports and advising Council on significant findings, issues, and the actions proposed or taken in response.
- c) Monitoring management's progress in implementing agreed audit recommendations and reporting on the status of those actions.

4. Membership

3.1 Composition

The Committee will consist of nine members, comprising:

- a) an Independent Presiding Member;
- b) an Independent Deputy of the Presiding Member; and
- c) The full Council (7 elected members) of the Shire of Cunderdin appointed as Ordinary Committee members.

Ordinary Committee members are to be appointed to the Committee by the Council in accordance with section 7.1A of the Act.

3.2 Presiding Member and Deputy of the Presiding Member

Selection Criteria and Eligibility

Appointment of the Independent Presiding Member and Deputy of the Presiding Member will be made following a public advertisement. Expressions of interest will be sought from candidates who demonstrate experience and qualifications in one or more of the following areas:

- a) Internal audit;
- b) Risk management;
- c) Financial management and reporting;
- d) Information, communication and technology management;
- e) Good governance and audit committee practices; and
- f) Understanding of the complexities associated with regional local government operations.

The following classes of persons are ineligible for appointment to the roles of Independent Presiding Member or Deputy of the Presiding Member:

- a) Members of the Council.
- b) Members of any other local government council.
- c) Employees of the Shire.

Selection and Appointment Process

The appointment of the Independent Presiding and Deputy of the Presiding Members will be through one or a combination of the following processes:

- a) the Chief Executive Officer (CEO) will invite expressions of interest for the positions through public advertisement.
- b) the CEO may also review and contact applicants listed on the WALGA Pool of Independent Presiding Members for Local Government Audit, Risk and Improvement Committees.

The CEO will assess and evaluate all potential candidates against the approved selection criteria and provide recommendations to the Council. The Council will determine the appointments by absolute majority, taking into consideration each applicant's qualifications, experience, and demonstrated suitability for the role.

In accordance with section 7.1B(3) of the Act, if the office of Presiding Member is vacant; or the Deputy 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 Presiding Member.

3.3 Tenure

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.

The Council may resolve to reappoint external independent members, including the Independent Presiding Member and Deputy of the Presiding Member, for consecutive terms.

If for any reason a vacancy occurs, the Council may appoint a replacement member in accordance with section 5.11 of the Act. If the vacancy relates to the Independent Presiding Member or Deputy of the Presiding Member, the Council may appoint an interim member to the position until a new independent member is appointed. Any person appointed to fill a vacancy will hold office for the remainder of the predecessor's term.

5. Committee Meetings

5.1 Frequency of Meetings

The Committee shall meet at least twice per calendar year. Additional meetings shall be convened at the discretion of the presiding person.

5.2 Meeting Attendance

Members are expected to attend meetings in person. Where a member is unable to attend in person, electronic attendance may be arranged with the approval of the Chair. Members must notify the Independent Presiding Member at least 24 hours prior to the meeting if they are unable to attend in person and wish to participate electronically.

5.3 Staff and Elected Member Attendance

The CEO and Deputy CEO (or their nominees) are to be available attend Committee meetings to provide advice and guidance, however, are not members of the Committee and do not have voting rights.

Elected Members who are not Committee Members may attend meetings as observers but are not entitled to participate in discussions or decision-making. Observer attendance is at the discretion of the Independent Presiding Member, particularly where confidential or sensitive matters are to be considered.

5.4 Voting

Each Committee Member is entitled to one vote. In the event of an equality of votes, the Presiding Member will have a casting vote.

5.5 Quorum

The quorum for a Committee meeting is at least 50% of the number of offices (whether vacant or not) of the members of the committee as prescribed in section 5.19 of the *Local Government Act 1995*.

5.6 Meeting Agenda and Minutes

The administration will prepare and distribute the meeting agenda and supporting papers at least 72 hours in advance of a Committee meeting. The administration is also responsible for recording minutes and implementing actions arising from each meeting.

5.7 Reporting

Reports and recommendations of each Committee meeting shall be presented at the next ordinary meeting of the Council.

6. Meeting Fees and Disbursements

Council members will be paid sitting fees in accordance with the adopted rates for Council Committee meeting attendance.

The Independent Presiding Member and Deputy of the Presiding Member are entitled to receive a meeting fee and to claim reasonable expenses associated with performing their duties, in accordance with section 5.100(1)(b) of the Act and the Western Australian Salaries and Allowances Tribunal.

7. Conflicts of Interest

All Committee Members must:

- a) Declare any conflict of interest, potential conflict of interest or apparent conflict of interest in matters that might potentially be considered or are proposed to be considered by the Committee.
- b) Provide a further declaration should any conflict of interest, potential conflict of interest or apparent conflict of interest arise after making a declaration.

8. Confidentiality

All Committee Members must maintain confidentiality in all information provided to them in their role as a member or attendee. This includes all matters discussed, formally presented or tabled at meetings of the Committee or such matters associated with dealings of the Committee in carrying out its responsibilities.

9. Review

The Terms of Reference shall be reviewed every two years when Council considers the re-establishment of the Committee to coincide with Local Government elections and any amendment to it requires approval by Council.

Document Control

Version	Version Date	Prepared by	Reviewed by	Council Resolution No. and Date
1	16/03/2017	Peter Naylor	Peter Naylor	Res: 7.4 OCM Date: 18/03/2017
2	15/09/2021	Lauren Cole	Hayley Byrnes	Res: 9.6 OCM Date: 28/10/2021
3	13/03/2024	Hayley Byrnes	Stuart Hobley	Res: 9.5 OCM Date: 27/03/2024
4	17/03/2026	Kay Squibb	Stuart Hobley	Res: 9.5 OCM Date: 25/03/2024