

SHIRE of CAPEL

Audit, Risk and Improvement Committee

Terms of Reference

1. Committee's Purpose

In accordance with section 7.1A of the *Local Government Act 1995* (the Act), the Council of the Shire of Capel has established an Audit, Risk and Improvement Committee (the Committee).

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

2. Responsibility

The Committee is to provide guidance and assistance to Council in fulfilling its governance and accountability responsibilities in relation to the following areas:

2.1 External Audit

a. Liaise with the appointed external auditor at least once a year to ensure that Council can be satisfied with the Shire's financial management.
b. Examine reports of the external auditor after receiving a report from the Chief Executive Officer or other Shire Officer's on the matter.
c. Determine if any matter raised requires action to be taken by the Shire.
d. Ensure that appropriate action is taken in respect of those matters.
e. Review the report prepared by the Chief Executive Officer or other Shire Officer's in respect of any matters raised from the external auditor. Presenting the report to the Council for adoption, prior to the end of the financial year or six months after the last report prepared by the external auditor is received, whichever is the latter.
f. Ensure the provision of a copy of that report to the Minister within 3 months of receipt of the audit report by the local government.

2.2 Internal Audit

a. Review the appropriateness of special internal audit assignments undertaken at the request of the Council or the Chief Executive Officer (or his/her nominee).
b. Review the level of resources allocated to internal audit and the scope of its authority.
c. Review reports of any internal audits. Monitor the implementation of recommendations made by the audit and review the extent to which the Council and management reacts to matters raised.

2.3 Internal Control

a. Review the Annual Compliance Audit Return and accompanying Officer's Report. Share the outcome of that review to the Council.
b. Review the CEO's report/s made under Regulation 17 of the Regulations, relating to systems and procedures concerning risk management, internal controls and legislative compliance, and:
    i. Make recommendations to Council to address issues identified in the reviews
    ii. Oversee the implementation of recommendations arising from the reviews undertaken, once accepted by Council.
c. Ensure continued compliance with relevant laws and regulations.

2.4 Risk Management

a. Assess the effectiveness of the Shire's Risk Management Framework and provide findings and recommendations to Council.
b. Receive and review strategic risk reports, including the key risks, the status of risk treatments, and the overall performance of risk management systems. Report to Council on any emerging risks, adverse trends, or areas requiring additional focus.
c. Confirm that fraud and misconduct risks have been identified and that suitable mitigation strategies or treatment plans are in place.
d. Review the adequacy of risk management policies, procedures, and frameworks to ensure they remain current, aligned with best practice, and compliant with relevant legislation and standards.

2.5 Financial Management

a. Consider and recommend adoption of the Annual Financial Report to the Council. Review any significant changes that may arise subsequent to any such recommendation, but before the Annual Financial Report is signed.
b. Consider the Chief Executive Officer's Report on the Financial Management Systems Review conducted every 3 years on the appropriateness and effectiveness of the Council's financial management.

3. Membership

Members of the Committee shall be appointed by the Council in accordance with section 5.10 of the Act.

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.

Members

The Committee will consist of:

- Five (5) elected members; and will include
- Three (3) Independent Members, other than an elected member.

The Independent Presiding Member, Deputy Presiding Member and Deputy to the Presiding Member of the Committee will be the appointed Independent Members of the Committee. The appointed Independent Member positions will be determined by the Council based on their experience and qualifications.

Appointment of Independent Members

The appointment of the three Independent Member's will be made following a public advertisement. The evaluation of potential members will be reviewed by the Chief Executive Officer and the appointments will be recommended to the Council based on the potential member's experience and qualifications in any or all the following:

a. Internal/external audit.
b. Risk management.
c. Financial management/reporting.
d. Information and Systems Technology.
e. Audit Committee practices.
f. Understanding of complexities associated with the Shire of Capel.
g. Strong links with the community.

An Independent Presiding, Independent Deputy Presiding or Independent Deputy to the 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.

The Council may decide to establish a shared arrangement with other Local Governments for the appointment of the three Independent Members. Additionally, the Council may choose to provide a fee to the Independent Members.

Independent members may be sourced through a shared regional appointment or from WALGA pool options.

Any instance where an Independent 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, should be declared to the Chief Executive Officer before or at the relevant Committee meeting.

The Independent Presiding, Deputy Presiding and Deputy to the Presiding Members will be entitled to attendance fees, not exceeding the value as determined by the Salaries and Allowances Tribunal.

The attendance fees per meeting will be:

Presiding Member: $450.00
Deputy Presiding Member or Deputy to the Presiding Member: $300.00

Committee members may also apply for reimbursement of travel expenses.

Role of Shire Staff

The following Shire staff will be issued with a standing invitation to attend Committee meetings, to provide advice and guidance to the Committee:

- Chief Executive Officer and the Executive Leadership Team or nominee(s).
- Manager of Governance and Strategic Risk or nominee.
- Manager Finance or nominee.
- Accountant
- Representative of the Office of the Auditor General (during External Audit process).

Other staff may be invited to attend meetings to discuss specific issues or reviews as and when required.

Such attendees may take part in the discussions and business of the meetings, but have no voting

rights.

Quorum

As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of appointed Committee members.

In the Independent Presiding Member's absence, the Deputy Presiding Member (Independent) will Chair the meeting. If both Independent Presiding Member and Deputy Presiding Member are unavailable to attend a meeting the meeting will be chaired by the Deputy to the Presiding Member.

The Committee shall meet at least three times a year, with additional meetings convened at the discretion of the Independent Presiding Member allowing the Committee to discharge its functions as appropriate to the needs of the organisation.

4. Meetings

Public Attendance at Meetings

Committee meetings will be open to the public.

In accordance with Section 5.23 of the Act, the Council or Committee may close to members of the public the meeting or part of the meeting if the meeting or the part of the meeting deals with several aspects as defined by Section 5.23 of the Act.

Delegated Authority

The Committee has delegated authority to meet with the Shire's auditor at least once a year on behalf of the Council.

The Committee can examine the report of the Auditor and determine matters that require action to be taken by the Shire of Capel.

The Committee can also review and endorse the Shire's report on actions taken in response to Auditor's report prior to it being forwarded to the Minister.

Confidentiality

All Committee members will be required to adhere to the Shire's confidentially requirements.

Meeting Procedure

The meetings will be run in accordance with the *Local Government Act 1995* standard meeting procedures and the *Shire of Capel Standing Orders Local Law 2016* and provide advice to and make recommendations to the Council on any matters above as appropriate.

The committee will complete an annual review of the Committee's Terms of Reference, ensuring they are contemporary in compliance and scope.

Document Control				
Effective Date	**Next Review Due**	**Amendment Details**	**Prepared By**	**Approved By**
February 2022	February 2023	Adoption of revised ToR	DCC & SGRC	Audit & Risk Com
January 2025	January 2027	Adoption of revised ToR	MGR	Council
August 2025	August 2027	Adoption of revised	MGR	Council
September 2026	August 2027	Adoption of revised	Council Support	Council