

<b>Title:</b>	<b>Audit, Risk and Improvement Committee</b>
<b>Authority of Establishment</b>	
<p>The Audit, Risk and Improvement Committee is established by the Shire of Nannup (the Shire) under the <i>Local Government Act 1995</i> (the Act), sections 5.8 and 7.1A.</p> <p>The Committee operates in accordance with the provisions of the <i>Local government Act 1995 (the Act)</i>, <i>Local Government (Audit) Regulations 1996</i>, the <i>Local Government (Financial Management) Regulations 1996</i> and <i>Local Government (Administration) Regulations 1996</i>.</p>	
<b>Purpose and Objective</b>	
<p><b>Purpose</b></p> <p>To provide independent oversight and assurance to Council on:</p> <ul style="list-style-type: none"> <li>• Financial management systems.</li> <li>• Risk management.</li> <li>• Legislative compliance.</li> <li>• Continuous improvement.</li> <li>• Implementation of audit recommendations.</li> </ul> <p><b>Objectives</b></p> <p>The Committee aims to:</p> <ul style="list-style-type: none"> <li>• Oversee compliance as well as use of best practice guidelines relative to financial management, audit, risk management and legislative compliance.</li> <li>• Strengthen organisational systems relating to financial management, audit, risk management and legislative compliance.</li> <li>• Facilitate communication between auditors, the CEO and Council.</li> </ul>	
<b>Aims &amp; Functions</b>	
<p><b><u>Authority</u></b></p> <p>The Committee has authority to:</p> <ol style="list-style-type: none"> <li>a) Request information from the CEO relevant to its functions.</li> <li>b) Meet with the Shire's auditor to examine the audit report, determine if any matters raised by the audit report require action by the Shire and ensure that appropriate action is taken in respect of those matters. (s.7.12A(2)).</li> <li>c) Make recommendations to Council regarding matters within its remit.</li> </ol> <p><b><u>Functions</u></b></p> <ol style="list-style-type: none"> <li>a) To receive and review reports on, and recommend to the council actions to be taken in relation to —</li> </ol>	

- (i) audits under Part 7 of the Act; and
  - (ii) compliance audits; and
  - (iii) reviews under regulation 17;
- b) To otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's systems and procedures in relation to —
- (i) financial management; and
  - (ii) legislative compliance; and
  - (iii) risk management;
- c) To receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government —
- (i) is required to take under section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and
  - (iv) has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a).

***Other functions***

Any other function conferred on the audit, risk and improvement committee under these regulations or another written law.

**Delegated Powers**

1. The Committee is a formally appointed committee of Council and is responsible to the Council.
2. The Committee reports to Council and provides appropriate advice and recommendations in accordance with these Terms of Reference.
3. The Committee is delegated the powers under s. 7.1C (Delegation 1.1.1) to conduct the formal meeting with the Shire's external Auditor required by section 7.12(A)(2) on behalf of the Shire.
4. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative authority and does not have delegated financial authority other than that identified above.
5. The Committee does not have any management functions and cannot involve itself in management processes and procedures.

**Membership**

Members shall conduct their duties and make recommendations in a manner that upholds the principles of impartiality and independence all times.

**Composition**

1. Independent Presiding and Deputy to the Presiding Member (Mandatory) – is not to be an elected member of the Shire or of any other local government.

2. All Elected Members.
3. External Members (as required) (non-mandatory).

### **Term of Appointment**

Membership of the Committee will, unless determined otherwise (in the case of an External Independent Presiding Member or External Independent Deputy to the Presiding Member), cease on the day of the next ordinary election.

### **External Independent Members (Presiding Member and Deputy to the Presiding Member)**

1. Applications for the External Independent Presiding Member and Deputy to the External Presiding Member (Presiding Member) will be sought through an open and transparent process and will be made by Council after consideration of the CEO's recommendation.
2. The Shire may also appoint an External Committee Member as a Deputy Presiding Person.
3. The Presiding Member will be selected based on the following criteria:
  - Skills in financial management, risk management, governance, audit (internal/external).
  - Understanding of the duties and responsibilities of the position.
  - Strong communication skills and experience in providing independent expert advice.
4. The Presiding Member will be a person with no responsibilities to the Shire, does not provide any services to the Shire, either directly or indirectly, and is not an elected member of any other local government.
5. The External Independent Member must agree to abide by the Shire's Code of Conduct and Shire of Nannup Council Standing Orders Local Law.
6. The Presiding Member may be required to complete an induction and any internal and external training programs deemed necessary by the Committee. This includes meeting with relevant internal officers and access to relevant documentation.
7. The Presiding Member has full voting rights at Committee meetings.
8. A Presiding Member appointed in accordance with the Terms of Reference is to be paid a meeting attendance fee within the range set by the Salaries and Allowances Tribunal Determination No.1 of 2025 and approved by Council.
9. The Shire reserves the right to terminate the appointment of the Presiding Member prior to the end of appointment if there is a breach of confidentiality, an ongoing conflict of interest, a non-disclosure of a conflict of interest, a breach of the Shire's Code of Conduct or performance not meeting expectations.

### **Administration**

The CEO, Executive Manager Corporate Services and other Shire employees are not members of the committee.

### **Chair and Deputy Chair**

- The Presiding Member will preside at all meetings.
- In the absence of the Presiding Member, the External Independent Deputy to the

Presiding Member must be requested to attend that meeting to preside. The appointment of the External Deputy to the Presiding Member extends only to the function of attending a meeting when the Presiding Person is unavailable.

- If the above persons are unavailable, the Deputy Presiding Person (external committee member appointed as such by Council) is to preside at the meeting.
- In their absence, a person is to be elected by the Committee from those committee members present to preside over the meeting.
- The Presiding Member is responsible for the proper conduct of the Committee.

### **Meeting Procedures**

- The Committee shall meet a minimum of four meetings per year.
- A quorum is 50% of members.
- An agenda will be circulated to the Members at least 7 days prior to each meeting where possible.
- The CEO shall ensure that detailed minutes of all meetings are kept, in accordance with the Act requirements.
- All meeting documentation are to be published to the Shire's website in accordance with the Act requirements.
- The Presiding Member and CEO may invite members of management, internal and external auditors or others to attend meetings as observers and/or to provide pertinent information and/or answer queries of the committee.
- Committee recommendations have no effect unless they have been made by simple majority.
- A simple majority is not less than half of the votes of Members present at the meeting.
- The Committee has been established under the Act and must therefore be conducted in accordance with the Act, the *Local Government (Administration) Regulations 1996* and the Shire's Standing Orders Local law.
- The CEO or his/her nominee is to attend all Committee meetings

### **Administrative Support**

The Committee must remain independent from management of the Shire; however, it will be administratively supported by the Executive Manager, Corporate Services. Any member of the ARIC can meet with the Executive Manager on request.

The CEO will ensure:

- Agenda preparation and distribution
- Minutes and recordkeeping
- Access to staff and information required by the Committee

Confidentiality obligations apply to all Committee members.

### **Code of Conduct and Disclosure of Interest**

- a) Members must comply with the Shire's Council Member, Committee Member and Candidate Code of Conduct.
- b) Members are required to declare their interests detailed in the *Local Government Act 1995*, Section 5.65 – 5.70 with respect to disclosure of financial and proximity interests. Impartiality interests are to be declared using the principles of the *Local Government (Model Code of Conduct) Regulations 2021*, Regulation 22.

<b>Review</b>	
a)	The Terms of Reference shall be reviewed after each ordinary local government election to ensure they remain relevant and effective.
b)	Any amendments to the Terms of Reference must be approved by the Council.
<b>Confidentiality</b>	
Members of the Committee shall maintain confidentiality on matters discussed during meetings.	

Establishment	Resolution	Date adopted	Reviewed on	ECM #
OCM (Insert)				