Audit and Risk Committee

Terms of Reference

1. Name

The name of the committee is the Shire of Koorda Audit and Risk Committee.

2. Head of Power

The committee is established by Council under section 5.8 of the *Local Government Act 1995* (C15.09.15).

3. Definitions

TERM	DEFINITION
Act	The *Local Government Act 1995*.
Council	The body consisting of all council members sitting formally as the Council of Shire of Koorda ("**the Shire**").
Chief Executive Officer	The Chief Executive Officer (CEO) of the Shire of Koorda.
Committee	Shire of Koorda Audit and Risk Committee
Council Member	A person elected under the Act as a member of Council. Shire of Koorda council members includes the Shire President, Deputy Shire President and Councillors (as defined by the Act).
External Member	A person who is not a council member appointed to the committee with requisite skills, knowledge and experience that compliment the committees objectives.
Member	A person appointed to this committee.

4. Objectives

The primary objective of the committee is to accept responsibility for the annual external audit and liaise with the Shire's auditor so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the committee will:

- Assist Council in discharging its legislative responsibilities of controlling the Shire's affairs.
- Ensure openness in the Shire's financial reporting.
- Liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems, risk management framework and compliance with legislation.

The committee is to facilitate:

- The enhancement of the credibility and objectivity of external financial reporting.
- Effective management of financial and other 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 and Council.
- The reduction of fraud, corruption and misconduct risk as a part of their oversight of financial reporting.

5. Powers

The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term 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 meets with the auditor of the Shire at least once in every year to satisfy the requirement of section 7.12A(2) of the Act.

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 any management functions and cannot involve itself in management processes or procedures without the approval of the CEO.

6. Functions of the Committee

In accordance with *Local Government (Audit) Regulations 1996*, the committee is to:

a. Guide and assist the Shire in carrying out:
   i. its functions under Part 6 of the Act; and
   ii. its functions relating to other audits and other matters related to financial management.
b. Guide and assist the Shire in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act.
c. Review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to;
   i. report to the council the results of that review; and
   ii. give a copy of the CEO's report to Council.
d. Consider the CEO's three yearly reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to Council the results of those reviews.
e. Oversee the implementation of any action that the Shire:
   i. is required to take by 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 accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
   iv. has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c).
f. Perform any other function conferred on the committee by the regulations or another written law.

Additionally, the committee is to:

a. Review the Shire's draft annual financial report, focusing on:
   i. accounting policies and practices;
   ii. changes to accounting policies and practices;
   iii. the process used in making significant accounting estimates;
   iv. significant adjustments to the financial report (if any) arising from the audit process;
   v. compliance with accounting standards and other reporting requirements; and
   vi. significant variances from prior years.
b. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation, but before the annual financial report is signed.
c. Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference.
d. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference.

6.1. Compliance

The committee's functions in regards to compliance is to:

a. Review the annual Compliance Audit Return and satisfy itself that the return is supported by appropriate processes and controls.

b. Provide reasonable confidence about the accuracy of information contained in the Compliance Audit Return and make a recommendation on its adoption to Council.

6.2. Risk Management

The committee's functions in regards to risk management is to:

a. Ensure the Shire's risk management framework addresses Council's exposure to both strategic and operational risks.
b. Monitor the effectiveness of the risk management framework through regular reviews and reporting.
c. Regularly review Council's strategic risk register to check that extreme and high level risk are managed in accordance with the "Risk Management Policy."
d. Address any specific requests referred from Council in relation to issues of risk and risk management.
e. At least once every year consider a report from the Shire's Executive Management Team in relation to the management of risk within the Shire, and satisfy itself that appropriate controls and processes are in operation, and are adequate for dealing with risks that impact the Shire.

7. Membership

The committee will consist of three elected members, with a fourth elected member acting as a deputy.

If authorised by the committee, council members attending as observers may participate in the meeting (but are not able to vote).

The CEO and employees are not members of the committee. The ~~Director Corporate Services~~ Deput CEO is to provide administrative support to the committee.

Related Documents (Legislation/Local Law/Policy/Procedure/Delegation)

Local Government Act 1995, Section 5.36, 5.39C & 5.40

Review History

Date	Council Resolution	Description of review/amendment
DD/MM/YY	RES:	Terms of Reference Adopted
23/10/2023	RES: 191023	Committee Re-established (inclusion of Risk)
15/09/2021	RES: 060921	Terms of Reference Adoption V1.0