AUDIT RISK AND IMPROVEMENT COMMITTEE

1. Name

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

2. Head of Power

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

3. The Committee will operate in accordance with all relevant provisions of the Act, the Local Government (Audit) Regulations 1996 and the Local Government (Administration) Regulations 1996.

4. Definitions

Act	the *Local Government Act 1995*.
Council	the body consisting of all council members sitting formally as the Council of Shire of Mundaring (the Shire).
Chief Executive Officer	the Chief Executive Officer (CEO) of Shire of Mundaring.
committee	Shire of Mundaring Audit Risk and Improvement Committee
council member	a person elected under the Act as a member of Council. Shire of Mundaring council members includes the Shire President, Deputy Shire President and Councillors (as defined by the Act).
Independent member	any individual who is neither a council member nor an employee appointed to the committee
member	a person appointed to this committee.

5. Objectives

5.1 The objective of the council's audit, risk and improvement committee is to provide independent assurance to the council by monitoring, reviewing and providing advice about the Shire's governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

5.2 The Committee is to guide and assist the Council to fulfil their oversight responsibilities relating to:

5.2.1 External and Internal Audit activities;

5.2.2 Financial Management processes and controls;

5.2.3 Risk Management activities;

5.2.4 Internal control effectiveness;

5.2.5 Compliance and Integrity; and

5.2.6 Improvement opportunities

6. Independence

6.1 The committee is to be independent to ensure it has no real or perceived bias or conflicts of interest that may interfere with its ability to act independently and to provide council with robust, objective and unbiased advice and assurance.

6.2 The committee is to have an advisory and assurance role only and is to exercise no administrative functions, delegated financial responsibilities or any management functions of the Shire. The committee will provide independent advice to the council that is informed by the Shire's internal audit and risk management activities and information and advice provided by staff, relevant external bodies and subject matter experts.

6.3 The committee must always ensure it maintains a direct reporting line to and from the council's internal audit function and act as a mechanism for internal audit to report to the governing body and the Chief Executive Officer on matters affecting the performance of the internal audit function.

7. Authority

7.1 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).

7.2 The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference.

7.3 The committee has been delegated authority to meet with the auditor of the Shire at least once in every year to satisfy the requirement of section 7.12A(2) of the Act.

7.4 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.

8. Functions of the Committee

8.1 In accordance with Local Government (Audit) Regulations 1996, the committee is to guide and assist the Shire in carrying out:

8.1.1 its functions under Part 6 of the Act; and

8.1.2 its functions relating to other audits and other matters related to financial management.

8.2 Guide and assist the Shire in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act.

8.3. Review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to;

8.3.1 report to the council the results of that review; and

8.3.2 give a copy of the CEO's report to Council.

8.4. 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.

8.5 Oversee the implementation of any action that the Shire:

8.5.1 is required to take by section 7.12A(3); and

8.5.2 has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

8.5.3 has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

8.5.4 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).

8.6 Perform any other function conferred on the committee by the regulations or another written law.

9. External Audit

9.1 The Committee is responsible for communicating and liaising with the Office of the Auditor General(OAG). This includes understanding the results of financial and performance audits conducted within the Shire and overseeing whether recommendations are implemented by management. The Committee will:

9.1.1 meet with the OAG to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting);

9.1.2 review external audit reports and assess whether matters are being managed and rectified in an appropriate and timely manner;

9.1.3 discuss with the OAG any significant resolved or unresolved disagreements with management;

9.1.4 review reports from the OAG including auditor's reports, closing reports, management letters and management response to OAG findings;

9.1.5 review all representation letters signed by management to assess whether the information appears complete and appropriate; and

10. Internal Audit

10.1 The Committee is responsible for guiding and overseeing the activities, resources and structure of the internal audit function. The Committee will:

10.1.1 review the Internal Audit Charter and where appropriate recommend amendments to the Internal Audit Charter to Council for their approval;

10.1.2 review and approve the internal audit plan and monitor its implementation;

10.1.3 review internal and external (non-financial) audit reports and assess whether matters are being managed and rectified in an appropriate and timely manner;

10.1.4 review performance audits conducted at the Shire and ensuring that agreed recommendations are implemented; and

10.1.5 meet with the internal auditor / or officer designated as the Chief Audit Executive at least once per year without management presence.

11. Financial Management

11.1 The Committee oversees the integrity of financial and performance reporting processes within the Shire. The Committee will:

11.1.1 review the annual financial statements and recommend whether Council should receive the annual financial statements;

11.1.2 review performance audits conducted at the Shire and ensuring that agreed recommendations are implemented (Financial);

11.1.3 review significant financial and reporting issues, including related party transactions, complex or unusual transactions and significant accounting and financial reporting issues;

11.1.4 consider the appropriateness of the accounting controls, principles and policies adopted and the methods of applying those principles and policies; and

11.1.5 other matters for noting or reporting to Council.

12. Compliance and Integrity

12.1 The Committee oversees the Shire's processes to ensure compliance with relevant laws and regulations and for promoting a strong governance culture within the Shire. The Committee will:

12.1.1 review whether appropriate fraud control arrangements, processes and systems are in place to detect, capture and effectively respond to fraud-related information;

12.1.2 understand the Shire's legal, regulatory, policy and ethical obligations, the officers responsible for compliance activities and management oversight and review of these processes;

12.1.3 review management's investigation of non-compliance matters and obtaining assurance from management that appropriate follow-up action was taken; and

12.1.4 inquire with management, internal audit and the OAG on their assessment of the compliance culture, the risk of non-compliance, or whether they have any knowledge of any actual, suspected or alleged non-compliance affecting the entity.

13. Risk Management

13.1 The Committee oversees the Shire's system of risk management. The Committee will:

13.1.1 determine whether the Shire has in place an effective and appropriate risk management framework, under which all material risks are identified, analysed, managed and reported;

13.1.2 recommend to Council the acceptance of the levels of risk escalation and reporting within the risk management framework;

13.1.3 recommend to Council the acceptance of the risk appetite statements developed by the Shire's Executive Management;

13.1.4 review whether appropriate business continuity planning arrangements are in place; and

13.1.5 review results of relevant OAG audit reports and better practice publications for guidance on good practices, including any self-assessment by management. At least once every year consider a report from the Shire's Leadership 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.

14. Internal Controls

The Committee oversees the Shire's system of internal controls. The Committee will monitor and review the effectiveness of the Shire's systems for internal control, as well as its systems for compliance with laws, standards, legislation and policy, and other requirements.

15. Improvement

Act as a forum for communication and monitoring of any audits conducted by external bodies and the implementation of corrective actions (for example, WA government agencies, Commonwealth government agencies, insurance bodies)

16. Membership

16.1 The committee shall consist of six members:

16.1.1 An Independent Presiding Member

16.1.2 An Independent Deputy Presiding Member

16.1.3 Four Council Members, inclusive of the President and Deputy President

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

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

16.4 The committee may invite, through the CEO, Shire employees or others to attend meetings to take part in the discussions and provide pertinent information where necessary but such persons shall not be entitled to vote on any item arising out of that meeting.

17. Appointment

17.1 Members are appointed to committees by Council for a term to expire on the date of the subsequent ordinary local government elections.

17.2 If for any reason, a member is unable to hold office for the full period of their appointment, Council shall fill that vacancy. The member appointed shall hold office for the balance of the term of the member originally elected.

17.3 The Council can appoint one or more deputies for the Council Members (Members) of the Audit, Risk and Improvement Committee at any time.

17.4 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.

17.5 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.

17.6 All members of the Committee are bound by the Code of Conduct for Elected Members, Committee Members and Candidates. Any instance where a

17.7 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.

17.8 Council may terminate the appointment of any member prior to the expiry of their term, if:

17.8.1 The Committee presiding member considers that the member is not making a positive contribution to the Committee.

17.8.2 The member is found to be in breach of the Council's Code of Conduct for Elected Members, Committee Members and Candidates or a serious contravention of the Act.

17.8.3 A member's conduct, action or comments bring the Shire into disrepute.

18. Council Members

Council members are appointed in accordance with section 5.10 of the Act.

19. Presiding and Deputy Presiding Member (Independent members)

19.1 Appointment of 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.

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

19.2.1 Internal audit;

19.2.2 Risk management;

19.2.3 Financial management/reporting;

19.2.4 Information and Systems Technology;

19.2.5 Audit Committee practices; and

19.2.6 Understanding of complexities associated with the Shire.

19.3 Members of the Committee are expected to:

19.3.1 understand the legal and regulatory obligations of the accountable authority for governing the Shire;

19.3.2 sufficient understanding of the Shire's financial reporting responsibilities to be able to contribute to the committee's consideration of the Shire's annual financial statements.

19.3.3 understand the Shire's governance arrangements that support achievement of the Shire's strategies and objectives;

19.3.4 understand subject matter expert reporting; and

19.3.5 adhere to the Shire's code of conduct.

19.4 A presiding or deputy presiding member cannot:

19.4.1 Be a council member of the Shire or a council member of any other local government;

19.4.2 Be an employee of the Shire or someone who is nominated by, or is to be appointed to represent, any employee of the Shire;

19.4.3 Have any operating responsibilities with the Shire; or

19.4.4 Provide paid services to the Shire either directly or indirectly in any other role.

19.5 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.

19.6 Independent Members can be reappointed for one further term, but the total period of continuous membership cannot exceed eight years. This includes any term as chair of the committee. Members who have served an eight-year term (either as a presiding or presiding deputy member) must have a two-year break from serving on the committee before being appointed again. To preserve the committee's knowledge of the council, ideally, no more than one member should retire from the committee because of rotation in any one year.

19.7 Prior to approving the reappointment or extension of an independent member's term, the Council is to undertake an assessment of the committee member's performance. Reappointment is also to be subject to that person still meeting the independence and eligibility requirements.

20. Roles and Responsibilities

20.1 Each member is expected to abide by the Shire's "Code of Conduct for Council Members, Committee Members and Candidates" (Code of Conduct), to have open and honest discussions and to treat each member and employees with due courtesy and respect.

20.2 Council members and employees are to disclose financial, proximity and impartiality interests in accordance with the Act.

20.3 Each member is responsible for attending meetings, reviewing relevant material to enable informed discussion and making timely decisions/actions to progress the objectives of the committee.

19.4 In addition to the above, the specific roles for each membership type are as follows:

20.4.1 Council members are responsible for ensuring that the committee adheres to the direction set by Council, contributing from a Shire-wide perspective, and ensures that delivery of the committee's objective.

20.4.2 All members are responsible for contributing to the delivery of the committee's objectives within the scope of their skills, knowledge, experience and capabilities.

20.4.3 The Presiding Member is responsible for ensuring all members have an opportunity to participate in discussions in an open and encouraging manner and ensuring the timely consideration of items. Where the presiding member is unable or unwilling to chair the meeting, the deputy presiding member will chair the meeting.

20.4.4 Employees are responsible for conducting necessary research as required by the committee, providing professional advice, and for administering its meetings.

21. Entitlements

21.1 The Presiding and Deputy Member are to be remunerated in accordance with section 5.100 of the Act, acknowledging not only the attendance time per meeting but also the reading and preparation time for the meeting

21.2 The extent to which The Presiding and Deputy Presiding Member can be reimbursed shall be as determined by the Salaries and Allowances Tribunal.

21.3 All Committee Members will be provided with appropriate training and professional development, to be determined by the Committee, provided that adequate funds are available in the Shire budget for this purpose.

22. Meetings

22.1 Meetings shall be held in accordance with the provisions of the Act, the Local Government (Administration) Regulations 1996 and the Meeting Procedures Local Law 2015. Due consideration is to be given to the "Committees, Advisory Groups, Representative Meetings and Working Groups Policy" (2.8).

22.2 Committee meetings will be held at least four times per year. A schedule of meetings will be developed and agreed by the members annually. Additional meetings may be convened as required.

22.3 Committee Special meetings may be held:

22.3.1 if called for by either the presiding member or at least two members in a notice to the CEO setting out the date and purpose of the proposed meeting;

22.3.2 if so decided by the Committee; or

22.3.3 if called for by Council.

22.4 The Committee will have a Meeting Planner to ensure key matters are addressed and the workload is managed.

22.5 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.

22.6 An agenda will be distributed at least 72 hours prior to the meeting, along with the minutes of the previous meeting, reports and other attachments or information to be addressed.

23. Quorum

As prescribed in section 5.19 of the Act, meeting quorum of the number of members of the committee, including at least the Presiding Member or Deputy Presiding Member, is four (4) members.

24. Voting

24.1 Despite section 5.20 of the Act, a decision of the audit, risk and improvement committee is to be made by a simple majority. Each member of the committee at a meeting will have one vote. The presiding member will have a deliberative vote and in the event of an equality of votes have a casting vote. In the event of a tied vote the presiding member uses casting vote to break tie before the matter is referred to Council for deliberation.

24.2 Meetings of the Committee will be held in person, usually at the Council Administration building, but may be convened at another suitable location if required.

24.3 If a member is unable to attend a meeting, they must advise the presiding member as soon as reasonably practicable.

25. Recording and Reporting

25.1 The contents of the Minutes are to be in accordance with the Act and Meeting Procedures Local Law 2015.

25.2 Where a committee does not have a delegation/ authorisation, if a decision is the duty or function of the Council, it must be referred to Council.

25.3 Recommendations of the committee are to be included in a Council meeting agenda to obtain a formal Council decision, where applicable.

25.4 Committee recommendations are advisory only and shall not be binding on Council.

25.5 The Committee may at any time report to Council on any matters it deems to be sufficiently important.

25.6 The Committee will, as often as necessary, and at least once a year, report to Council on its operations and activities during the year and confirm that all functions outlined in this charter have been satisfactorily addressed.

26. Changes to Terms of Reference

26.1 These Terms of Reference are to be reviewed prior to each ordinary local government election.

26.2 These Terms of Reference may be reviewed by the committee when required with Council to endorse any changes.

27. Disband

Council may determine at any time that a committee is no longer required and is to be disbanded.

28. Confidentiality

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

Document Control

Item	Date	Resolution #
Committee established (in current format)	September 2015	C15.09.15
Reviewed	September 2017	C3.09.17
Reviewed	December 2018	C11.12.18
Reviewed	October 2019	SC4.10.19
Reviewed	October 2021	SC8.10.21
Reviewed	January 2022	C4.01.22
Reviewed	July 2023	C17.07.23
Reviewed	May 2024	C2.05.24
Reviewed	September 2025	C-5-9-2025