

Audit, Risk and Improvement Committee

Purpose

The Audit, Risk and Improvement Committee (**ARIC**) is a committee of Council established pursuant to section 7.1A of the *Local Government Act 1995 (Act)* and the accompanied regulations.

It is responsible to and assists the Council in fulfilling its oversight responsibilities in relation to systems of risk management, financial management and compliance with laws and regulations. The ARIC provides advice and recommendations on such matters to Council in order to facilitate informed decision making by Council in relation to its legislative functions and duties.

The ARIC will engage with management in a constructive and professional manner to perform its oversight responsibilities.

Membership

The ARIC is to comprise:

- a minimum of three (3) members of Council;
- a presiding member (chairperson) who cannot be a member of Council or of any other local government's council; and
- a deputy presiding member (deputy chairperson) who cannot be a member of Council or of any other local government's council.

No employee of the City of Rockingham (**City**) is to be, or may nominate, a member of the ARIC. Section 5.10(1)(b) of the Act does not apply to the ARIC as it does to other committees of Council.

The collective membership of the ARIC will have an appropriate balance of skills, knowledge and experience relevant to local government audit, financial management, governance and continuous improvement.

Administrative Support

The Chief Executive Officer (**CEO**) is to provide secretarial and administrative support to the ARIC and is responsible for providing all necessary advice and officer attendance to enable informed decisions to be made.

Role and Responsibilities

The ARIC has no delegated authority from Council and no executive powers or authority to implement actions in areas where the CEO has legislative responsibility.

Council authorises the ARIC, in accordance with the Terms of Reference, to:

- Review annual audit plans and the outcomes/results of all audits undertaken by the City's Auditor;
- Monitor and consider the CEO's reviews conducted under regulation 17 of the *Local Government (Audit) Regulations 1996*;
- Support the City's Auditor to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- Oversee the implementation of any action that the local government is required to take under section 7.12A(3) of the Act;

- Formally meet with the City's Auditor at least once every year or as necessary to assist the auditor with respect to audits;
- Seek resolution on any disagreements between management and the City's Auditor; and
- Report and provide recommendations to Council on the above matters as required.

The ARIC has the following functions as provided in regulations 16 and 17(3) of the *Local Government (Audit) Regulations 1996*:

Regulation 16

- (a) *to receive and review reports on, and recommend to the council actions to be taken in relation to —*
- (i) *audits under Part 7 of the Act; and*
 - (ii) *compliance audits; and*
 - (iii) *the results of reviews carried out by the CEO 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);*
 - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a);*
 - (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);*
- (d) *any other function conferred on the audit, risk and improvement committee under these regulations or another written law.*

Regulation 17

- (3) *The CEO must report to the audit, risk and improvement committee the results of each review carried out under subregulation (1).*

[This refers to the CEO's review on systems and procedures in relation to financial management, legislative compliance and risk management.]

Duties

Pursuant to its legislative functions, the ARIC will therefore have the following duties:

- Evaluate the results of the CEO's review of the appropriateness and effectiveness of the City's risk management, legislative compliance and financial management systems and procedures under regulation 17;
- Review the annual Compliance Audit Return (**CAR**) and report to Council the results of that review and the ARIC's recommendation regarding adoption of the CAR;
- Meet with the City's Auditor to discuss the results of the annual financial audit and relevant matters including the auditor's report, closing report and management letter;

Terms of Reference

- Liaise with the CEO to ensure that the City does everything in its power to assist the City's Auditor to conduct the audit and carry out its duties under the Act;
- Review the outcomes of any performance audits conducted by the City's Auditor on the City; and
- Perform any other activities related to the duties of the ARIC as directed by Council.

Meetings

Meeting dates and times

Although the ARIC is to meet at least once annually, other meetings will be held as required.

Public access and confidentiality

ARIC meetings are generally open to the public, however, must or may (as circumstances require) be closed to the public in accordance with section 5.23(2), (3) and (4) of the Act. In the ARIC's ordinary course of business, this will most often occur when the following matters are to be dealt with:

- Information over which the City holds legal professional privilege;
- Information relating to the personal affairs of an individual;
- Information that, if made public, would likely endanger the security (including cybersecurity) of the City's property or operations; or
- Information that, if made public, would likely impair the effectiveness of the City's procedures for preventing, detecting, investigating or dealing with a contravention or possible contravention of the law.

Decision making

Decisions of the ARIC are to be made by a simple majority in accordance with section 7.1CA of the Act.

Review of Terms of Reference

The Terms of Reference will be reviewed on an as-needed basis commensurate with changes to the Act and the accompanied regulations.

Definitions

City's Auditor – as audits under Part 7 of the *Local Government Act 1995* are defined as audits undertaken by the Office of the Auditor General (OAG), the City's Auditor, unless otherwise stated, means the OAG.