



Additional information

Audit and Risk Management Committee

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ADDITIONAL INFORMATION 1 – Audit and Risk Management Committee Terms of Reference

Audit and Risk Management Committee

Audit committees are established by the local government in accordance with the section 7.1A of the Local Government Act 1995 to provide an independent oversight of the City's financial systems, financial reporting and audit and risk management responsibilities.

1. Objectives

- 1.1 The primary objectives of the Audit and Risk Management Committee are to:
 - a. Support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, the internal control structure, risk management systems internal and external audit functions, and ethical accountability.
 - b. Critically examine the audit and management reports provided by the external auditor and ensure that the local government appropriately implements any actions.
 - c. Receive and authorise the audit report prepared by the Chief Executive Officer (CEO) to be provided to the Minister.

2. Functions

- 2.1 The Audit and Risk Management Committee has the following functions –
 - a. To guide and assist the local government in respect to audits and other matters related to financial management.
 - b. To guide and assist the local government in relation to audits and reviews of systems and procedures.
 - c. To receive reports prepared by the CEO in relation to audits, system and procedural reviews, and compliance audit returns, and review the findings before requesting they be forwarded to Council.
 - d. To monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –
 - i. Local Government (Audit) Regulations 1996 regulation 17(1); and
 - ii. the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c).
 - e. To support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government.
 - f. To oversee the implementation of any action that the local government –
 - i. is required to take in an audit report.
 - ii. has stated it has taken or intends to take in an audit report.
 - iii. has accepted should be taken following receipt of an audit report).
 - 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).
 - g. To perform any other function conferred on the audit committee by the Local Government (Audit) Regulations 1996 or another written law.
 - h. To monitor the risk exposure of the City by reviewing and making recommendations on the:
 - i. Risk Management Framework; and
 - ii. Strategic Risk Register.

- i. To monitor emerging or significant risks identified through the risk management framework and review the actions to mitigate such risks.
- j. To oversee the development and implementation of the City's fraud and corruption control arrangements.
- k. To assist in ensuring the appropriate processes and systems are in place to detect, capture and efficiently respond to fraud and corruption.
- l. To monitor the progress of any major lawsuits facing the local government.
- m. To monitor the progress and implications of any major projects being delivered by or affecting the local government.
- n. To monitor the progress of self-supporting loans.
- o. To meet with the external auditor as required at least once in each year.

3. Powers of the Audit and Risk Management Committee

- 3.1 The committee does not have any decision-making authority and therefore may only make recommendations to Council for consideration.
- 3.2 The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its functions.
- 3.3 The committee does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer (CEO) has legislative responsibility and does not have any delegated financial responsibility.
- 3.4 The committee does not have any management functions and cannot involve itself in management or administrative processes or procedures.

4. Membership

- 4.1 The committee will be made up of a minimum of the following members and in accordance with *Local Government (Audit) Regulations 1996 regulation 17(1)*:
 - a. The Mayor (ex-officio member).
 - b. Four councillors as members, and
 - c. Four councillors as deputy members, who will act as a member when their fellow Ward member is unable to attend and will also provide apology in accordance with the meeting procedures if they are unable to deputise.
 - d. One external independent member.

5. Tenure

- 5.1 Membership tenure will be in accordance with the Act.

6. External Independent Members

- 6.1 The committee may appoint one external independent member.
- 6.2 External independent member will be selected based on the following criteria:
 - a. Demonstrated high level of expertise and knowledge in financial management, or reporting, or governance, or auditing, or risk; and
 - b. Relevant skills and experience in providing independent expert advice.
- 6.3 Any external independent member:
 - a. Must have no operating responsibilities with the City of Fremantle, and
 - b. Must not provide any paid services to the City either directly or indirectly.
- 6.4 Appointments of any external independent member will be made following a public advertisement period and the evaluation and recommendation of a potential external member will be submitted for Council approval.
- 6.6 An external member will be entitled to receive reimbursement of reasonable expenses to a maximum of \$250 per meeting.

7. Presiding member

- 7.1 The election of a presiding member and deputy presiding member will be in accordance with the City's Meeting Procedures Policy.

8. Meetings

- 8.1 The committee will meet bimonthly, on specific dates to be advised and more regularly as required at the discretion of the presiding member.
- 8.2 Reports and recommendations of each committee meeting will be presented to the next ordinary meeting of the Council.

9. Quorum and reduction of

- 9.1 Quorums and the reduction of quorums will be in accordance with the City's Meeting Procedures Policy.

10. Terms of reference review

- 10.1 This Terms of Reference will be reviewed at least once every two years, in line with local government ordinary elections.