

Audit, Risk and Improvement Committee (ARIC)

Terms of Reference

Purpose

The purposes of the ARIC are to:

1. provide independent assurance and assistance to the Council in overseeing the financial reporting process.
2. Assist Council to manage the Integrity Strategy.
3. Assist Council to manage Risk through an endorsed approach, approved risk registers and regular reporting.
4. Assist Council to manage Internal Audit through a set Internal Audit Plan, oversight of audit reports and monitoring of audit findings.
5. Assist Council to ensure compliance and financial controls are set and maintained and monitor ongoing compliance performance.

The ARIC also aims to promote transparency and accountability in the City's operations and to provide guidance and recommendations for continuous improvement of financial and risk management practices.

Background

1. The Audit, Risk and Improvement Committee (ARIC) is a formally appointed Committee of Council as required under the *Local Government Act 1995*.
2. The ARIC does not have executive powers or authority to implement actions in areas over which the administration (management) has responsibility and remains independent of the administration.

Objectives and Duties

1. The ARIC facilitates:
 - a. external financial audit reporting which includes reviewing and ensuring the accuracy and completeness of the financial statements of the City of Cockburn.
 - b. examination of an Annual Financial Audit Report received and follow up of any matters raised in the report and subsequent management letter, to ensure appropriate action is taken in respect of those matters.
 - c. vetting and responding to Office of the Auditor General (OAG) Local Government performance audits, whether the City is directly involved or not.
 - d. compliance with the Council functions under Part 6 of the Local Government Act 1995 (the Act) in relation to the City's financial management.
 - e. compliance with the Council functions under Part 7 of the Act in relation to Audit requirements.
 - f. appropriate internal audit program endorsed by Council.
 - g. the review of the CEO's Report provided under:
 - i. Regulation 17 (3) of the *Local Government (Audit) Regulations 1996*

- ii. Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996*.
 - h. compliance with Regulation 17 of the *Local Government (Audit) Regulations 1996* in relation to:
 - i. Risk management
 - ii. Internal control
 - iii. Legislative compliance.

and to review the appropriateness and effectiveness of the systems and procedures in relation to these matters on a triennial basis every three (3) financial years.
 - i. monitor and report on the effectiveness of the City's risk management framework, including reviewing risk assessments, risk treatment plans, and the effectiveness of controls.
 - j. monitor and report on the effectiveness of the City's Integrity Strategy.
 - k. effective communication between the external auditor, internal auditor, administration (management) and the Council.
 - l. effective management of financial and other risks to the City through a comprehensive risk management framework.
 - m. the protection of City assets.
 - n. review of the annual Compliance Audit Return required under Regulation 14 of the *Local government (Audit) Regulations 1996*.
2. The ARIC performs any other function conferred on it by the Act, Regulations, or any other written law.

Membership

- 1. The Committee will comprise of a minimum of four (4) Members but with no upper limit, who shall be appointed by Council, and will include at least one, but up to two (2) independent, appropriately qualified appointed members.
- 2. The Presiding Member of the Committee and the Deputy Presiding Member of the Committee shall be an Independent Member, as appointed by Council.
- 3. Payment of any fee to the Independent Member is as per the Salaries and Allowances Tribunal determination.
- 4. No less than two proxies will be appointed, who will attend in the absence of an Elected Member.
- 5. A quorum shall be deemed present when at least half of the appointed Committee Members are in attendance at a meeting.
- 6. Elected Members who are ARIC Members (including proxies) will be encouraged to undertake training to support their role as ARIC Members.
- 7. Training recommendations will be in accordance with the CEO recommendations.
- 8. The CEO and the officers responsible for the external and internal audit functions, risk management and legislative compliance will attend meetings to advise and provide information, as required and cannot be members.
- 9. Other City officers shall attend as required to provide administrative and secretarial support.
- 10. Representatives of the Office of the Auditor General and the contracted external and internal auditor shall be invited to attend the meetings as appropriate. The

relevant auditors must attend the meetings where the Draft Annual Financial Report and results of the external audit are to be considered.

Meetings

1. The Committee shall meet on a quarterly basis or more frequently as required, with a minimum of four meetings per year.
2. The Committee shall be held in person at 6:00pm on meeting dates in accordance with Council's endorsed meeting schedule.
3. An Audit Committee Calendar will be produced as guidance for the matters to be included on each regular meeting agenda and will be arranged to coincide with legislative timeframes where necessary.

Delegation

1. The ARIC will be delegated the authority to meet with the appointed external auditor, as required by section 7.12A of the Act.

Reporting

1. Agenda papers for the ARIC will be published and made available to members no less than seven (7) days before a meeting.
2. Reports and decisions of the ARIC will be considered at the next Ordinary Council Meeting, or Special Council Meeting as may be required.
3. The accompanying officer report will include all specific recommendations, and a summary of the items considered at the relevant Committee Meeting.
4. The Committee shall report to Council any significant issues or concerns regarding financial management, internal control, risk management, integrity, or legislative compliance that it identifies during its activities.

Strategic Link:	Strategic Community Plan 'Listening and Leading'
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Lead Business Unit:	Legal and Compliance
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