

# Audit, Risk and Compliance Committee (ARC)

## Terms of Reference

### Purpose

The purpose of the ARC is to provide independent assurance and assistance to the Council in overseeing the financial reporting process, monitoring the effectiveness of internal control systems, assessing the management of financial and other risks, and ensuring compliance with relevant laws and regulations. The ARC 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 Compliance Committee (ARC) is a formally appointed Committee of Council.
2. The ARC 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 ARC 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*; and
    - 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; and
- 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. effective communication between the external auditor, internal auditor, administration (management) and the Council;
  - k. effective management of financial and other risks to the City through a comprehensive risk management framework;
  - l. the protection of City assets; and
  - m. review of the annual Compliance Audit Return required under Regulation 14 of the *Local government (Audit) Regulations 1996*.
2. The ARC 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, who shall be appointed by Council, and will include at least one, but up to two (2) independent, appropriately qualified appointed members.
2. Payment of any fee to the independent member is prohibited by the Act.
3. No less than two proxies will be appointed, who will attend in the absence of a member.
4. A quorum shall be deemed present when at least half of the appointed Committee members are in attendance at a meeting.
5. Elected Members who are ARC members (including proxies) will be encouraged to undertake training to support their role as ARC Members.
6. Training recommendations will be in accordance with the Executive Governance and Strategy recommendations.
7. 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.
8. Other City officers shall attend as required to provide administrative and secretarial support.
9. Representatives of the OAG and the contracted external and internal auditor shall be invited to attend the meetings as appropriate but 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 ARC 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 ARC will be published and made available to members no less than 7 days before a meeting.
2. Reports and decisions of the ARC 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, or legislative compliance that it identifies during its activities.

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