

Augusta Margaret River Audit and Risk Management Committee



Instrument of Appointment and Delegation

January 2020

INTRODUCTION

The Council of the Shire of Augusta Margaret River (hereinafter called the "Council") hereby establishes a committee under the powers given in section 5.8 and section 7.1 A of the *Local Government Act 1995*, and *Local Government (Audit) Regulations 1996*, such committee to be known as the Audit and Risk Management Committee, (hereinafter called the "Committee").

The Council appoints to the Committee those persons whose names appear in Section 4.0 below. Membership of the Committee shall, unless otherwise specified, be for a term ceasing at the date of the Local Government election in the year the Shire's local government elections are held, after which time the Council may appoint members for a further term.

The Committee shall act for and on behalf of Council in accordance with provisions of the *Local Government Act 1995*, and the *Local Government (Audit) Regulations 1996*, local laws and policies of the Shire of Augusta Margaret River and this Instrument.

NAME

The name of the Committee shall be the Audit and Risk Management Committee.

OBJECTIVES OF THE COMMITTEE

The role of the Committee is to:

- a) Assist the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control and legislative compliance;
- b) Monitor and advise the CEO in reviews of certain systems prescribed by the audit and financial management regulations;
- c) Support the auditor as required and have functions to oversee:
 - The implementation of audit recommendations made by the auditor, which have been accepted by Council; and
 - Accepted recommendations arising from reviews of local government systems and procedures.
- d) Receive and verify the annual Local Government Statutory Compliance Return; and
- e) Advise Council on significant high level strategic risk management issues related to the Shire of Augusta Margaret River.
- f) Discharge the functions outlined in Regulation 16 of the Local Government (Audit) Regulations 1996.

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The following table shows a list of matters that are required to be reported to the Audit and Risk Management Committee:

Report	Frequency	Source
Risk management dashboard	At least twice a year	<i>Risk Management Framework</i>
Compliance audit return	Annually	<i>Regulation 14 Local Government (Audit) Regulations 1996)</i>
Interim and End of Financial year Audit	Annually	<i>Part 4 of the Local Government (Financial Management) Regulations 1996</i>
Review in accordance with regulation 5(2)(c) of LG (Financial Management) Regulations (also referred to as internal audit review).	Once every three years	<i>Local Government (Financial Management) Regulations 1996 regulation 5(2)(c)</i>
Annual Financial Report	Annually	<i>Part 4 of the Local Government (Financial Management) Regulations 1996</i>
Report on appropriateness and , effectiveness of systems and procedures in relations to risk management, internal controls and legislative compliance.	Once every three years	<i>Regulation 17 LG (Audit) Regulations 1996</i>
OAG – Local Government Focus Reports	Within three months of an OAG focus report	<i>ARMC resolution 11/11/2020 (ARMC2020/10)</i>

MEMBERSHIP

Membership of the Audit and Risk Management Committee shall be:

- a) The President, if desirous in participating, and three Councillors of the Shire of Augusta Margaret River;
OR
- b) Four Councillors of the Shire of Augusta Margaret River; and
- c) A deputy in the absence of the President or other appointed delegates.

No member of staff including the CEO is to be a member of the Committee, but the CEO may participate as Council's principal advisor, unless expressly excluded by resolution of the Committee.

PRESIDING MEMBER

The Committee shall appoint a Presiding Member and Deputy Presiding Member to conduct its business. The Presiding Member shall ensure that minutes of the proceedings are kept and that business is conducted in accordance with the Shire of Augusta Margaret River Standing Orders (Local Law).

The *Local Government Act 1995* places responsibility for speaking on behalf of Council with the President, or the CEO if the President agrees.

The Presiding Member if different from the President is to refrain from speaking publicly on behalf of the committee or Council, or to issue any form of written material purporting to speak on behalf of the committee or Council without the prior approval of the President.

CONDUCT OF MEETINGS

The Committee shall meet at least four times per year. A schedule of meetings will be developed and agreed to by the members. As an indicative guide, meetings would be arranged to coincide with relevant Council reporting deadlines, for example in February/March to discuss the Statutory Compliance Return, in June/July to discuss the year's financial performance and to discuss the annual audit program and in October/November to discuss the Annual Financial Report including the Auditor's Report. The fourth meeting will occur at a time to be determined and subjects for discussion could include the results of reviews completed to meet legislative requirements and other matters.

Additional meetings shall be convened at the discretion of the Presiding Member. Any three members of the Committee collectively or the internal or external auditor themselves may request the Presiding Member to convene a meeting.

From a time management point of view, urgent matters which may arise should be referred directly to Council through the bi-monthly meetings or to a Special Council meeting.

1. Notice of meetings shall be given to members at least 3 days prior to each meeting.
2. The Presiding Member shall ensure that detailed minutes of all meetings are kept and shall, not later than 5 days after each meeting, provide Council with a copy of such minutes. Council shall provide secretarial and administrative support to the Committee.
3. All members of the Committee shall have one vote. If the vote of the members present is equally divided, the person presiding must cast a second vote.
4. The Chief Executive Officer should attend all meetings, except when the Committee chooses to meet in camera with the exclusion of the CEO.
5. Representatives of the external auditor should be invited to attend at the discretion of the Committee but must attend meetings either in person or by telephone link up considering the draft annual financial report and results of the external audit.
6. The internal auditor or representative shall be invited to attend meetings, at the discretion of the Committee, to consider internal audit matters.

QUORUM

Quorum for a meeting shall be at least 50% of the number of members, whether vacant or not. A decision of the Committee does not have effect unless a simple majority has made it.

DELEGATED POWERS

The Committee has no delegated powers under the *Local Government Act 1995* and is to advise and make recommendations to Council only. The Audit and Risk Management Committee is a

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formally appointed committee of Council and is responsible to that body. The Audit and Risk Management Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility.

The Audit & Risk Management Committee does not have any management functions and is therefore independent of management.

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its objectives in order to facilitate decision-making by Council in relation to the discharge of its responsibilities.

REPORTING POWERS

The Audit & Risk Management Committee shall report to Council and provide recommendations on matters pertaining to its terms of reference by assisting elected members in the discharge of their responsibilities for oversight and corporate governance of the local government.

The Audit & Risk Management Committee does not have executive powers or authority to implement actions in areas that management has responsibility. By not having any management functions, the Audit & Risk Management Committee is therefore independent of the roles of the Chief Executive Officer and senior staff.

The Audit & Risk Management Committee does not have any role pertaining to matters normally addressed by the Local Emergency Management Committee and Council in relation to financial management responsibilities in relation to budgets, financial decisions and expenditure priorities. The Audit & Risk Management Committee is a separate activity and does not have any role in relation to day-to-day financial management issues or any executive role or power.

The Audit & Risk Management Committee shall after every meeting forward the minutes of that meeting to the next Ordinary meeting of the Council, including a report explaining any specific recommendations and key outcomes.

Recommendations of committee meetings are to be presented to Council by Shire Staff for noting or further consideration as soon as practicable after unconfirmed minutes of Committee meetings are available.

TERMINATION OF COMMITTEE

Termination of the Committee shall be:

1. in accordance with the *Local Government Act 1995*; or
2. at the direction of the Council.

AMENDMENT TO THE INSTRUMENT OF APPOINTMENT AND DELEGATION

This document may be altered at any time by the Council.

COMMITTEE DECISIONS

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

Document and version control table

Strategic outcome	Key Result Area 5:Effective governance and corporate leadership.
Responsible Directorate	Governance
Authority of original issue	Council
Date of original issue	25 September 2015
Contact officer	Governance Officer / Council Support
Date of next review	September 2021
Document No.	N183975

Version	Date issued	Brief description
1.0	25/11/2015	Initial Issue
1.1	11/09/2019	Changes to membership. Legislative changes as per <i>Local Government Amendment (Auditing) Bill 2016</i>
1.2	08/04/2020	Change to meeting frequency
1.3	27/01/2020	Inclusion of list of matters to be reported (OM2021/4).