

Augusta Margaret River Audit, Risk and Improvement Committee



Terms of Reference

INTRODUCTION

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

The Council appoints members as outlined in section 4.0 below. Membership terms cease at the date of the local government elections ,after which time the Council may appoint members for a further term.

The ARIC shall act for and on behalf of Council in accordance with provisions of the *LG Act*, and the *Local Government (Audit) Regulations 1996*, local laws and policies of the Shire and these Terms of Reference (TOR).

NAME

The name of the Committee shall be the Audit, Risk and Improvement Committee (ARIC).

OBJECTIVES OF THE COMMITTEE

The role of the ARIC is to:

1. Review and recommend to Council actions arising from audits, compliance audits, and reviews under Regulation 17 of the Audit Regulations.
2. Review and recommend improvements to the Shire's systems and procedures relating to:
 - a) Financial management
 - b) Legislative compliance
 - c) Risk management
3. Review and recommend improvements to the implementation of actions that the Shire has:
 - a) Been required to take under s7.12A of the LG Act
 - b) Stated it has taken or intends to take under s7.12A(4)(a)
 - c) Otherwise decided to take in response to audit, compliance or review reports, or CEO advice under s8.6(1)(a) or s8.23(4)(a)
4. Receive and verify the annual Local Government Statutory Compliance Return;
5. Advise Council on significant high level strategic risk management issues related to the Shire; and
6. Discharge the functions outlined in Regulation 16 of the *Local Government (Audit) Regulations 1996* or any other written law.

The following table shows a list of matters that are required to be reported to the ARIC:

AUGUSTA MARGARET RIVER

Report	Frequency	Source
Risk management report	At least once 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>
Annual Financial Report	Annually	<i>Part 4 of the Local Government (Financial Management) Regulations 1996</i>
Internal Review - Report on appropriateness and effectiveness of systems and procedures (financial, risk, compliance)	Once every four financial years	<i>Regulation 17 LG (Audit) Regulations 1996</i>
OAG – Local Government Focus Reports	Within three months of release	<i>ARMC resolution 11/11/2020 (ARMC2020/10)</i>

MEMBERSHIP

Membership of the ARIC shall be:

- a) The Shire 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;
- c) A proxy in the absence of the Shire President or other appointed delegates; and
- d) Two independent external members.

Independent External Members

1. Independent external members will be selected based on the following criteria:
 - a) A suitably qualified person with demonstrated high level of expertise and knowledge in financial management, risk management, governance and audit (internal and external);
 - b) Understanding of the duties and responsibilities of the position; ideally with respect to local government financial reporting and auditing requirements;
 - c) An appreciation of the Shire's values, its core activities and the capacity to appreciate what the community needs from the Shire;
 - d) Strong communication skills; and
 - e) Relevant skills and experience in providing independent expert advice.
2. An independent external member will be a person with no operational responsibilities with the Shire nor will that person provide any other paid services to the Shire either directly or indirectly.
3. Appointment and re-appointment of independent external members will be made by Council after consideration of the CEO's recommendation. The applications of independent external members will be sought through an open and transparent process. The evaluation of

AUDIT, RISK AND IMPROVEMENT COMMITTEE

potential members will be reviewed by the CEO and appointments will be approved by the Council.

4. An independent external member may only be appointed for a maximum of three consecutive terms.
5. Independent external members will be required to complete a confidentiality agreement and confirm that they will operate in accordance with the Shire's code of conduct. They will also be required to follow any Shire policies pertaining to the ARIC operations.
6. Meeting attendance fees and reimbursement of approved expenses may be paid to an independent external member in accordance with s 5.100 of the LG Act.
7. Meeting attendance fees for independent external members are to be set by Council within the range prescribed by the Salaries and Allowances Tribunal, with reference to the skills and expertise required, value for money considerations, and the State Government's Audit and Financial Advisory Services Common Use Agreement.

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

PRESIDING MEMBER

The Presiding Member must be an independent person appointed by Council.

The Presiding Member shall ensure that business is conducted in accordance with the Shire's Standing Orders Local Law.

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

DEPUTY MEMBER TO THE PRESIDING MEMBER

The Deputy Member to the Presiding Member is to be an independent person appointed by Council.

The Deputy Member to the Presiding Member will act when the Presiding Member is unavailable.

When not acting in the role of Presiding Member, the Deputy of the Presiding Member participates as an ordinary member of the ARIC.

CONDUCT OF MEETINGS

The ARIC shall meet at least four times per year, aligned with Council reporting schedules.

Additional meetings shall be convened at the discretion of the Presiding Member. Any three members of the ARIC 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 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 CEO shall ensure that detailed minutes of all meetings are kept and shall, not later than 5 days after each meeting, provide members with a copy of such minutes. Administration shall provide secretarial and administrative support to the ARIC.
3. All members of the ARIC shall have one vote. If the vote of the members present is equally divided, the person presiding must cast a second vote.
4. The CEO should attend all meetings, except when the ARIC 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 ARIC 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 ARIC, 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 ARIC does not have effect unless a simple majority has made it.

DELEGATED POWERS

The ARIC has no delegated powers under the LG Act and is to advise and make recommendations to Council only. The ARIC is a formally appointed committee of Council and is responsible to that body. The ARIC 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 ARIC does not have any management functions and is therefore independent of management.

The ARIC'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 ARIC shall report to Council and provide recommendations on matters pertaining to its TOR by assisting elected members in the discharge of their responsibilities for oversight and corporate governance of the local government.

The ARIC does not have executive powers or authority to implement actions in areas that management has responsibility. By not having any management functions, the ARIC is therefore independent of the roles of the CEO and senior staff.

The ARIC 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 ARIC 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 ARIC 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 ARIC 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 ARIC shall be:

1. in accordance with the LG Act or
2. at the direction of the Council.

AMENDMENT TO THE TERMS OF REFERENCE

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

COMMITTEE DECISIONS

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

Document and version control table

Strategic outcome	Focus Area: How we work Outcome Statement W4: We demonstrate ethical leadership at all levels in our organisation, making decisions in an open, transparent and accountable way	
Responsible Directorate	Governance	
Authority of original issue	Council	
Date of original issue	25 September 2015	
Contact officer	Senior Governance and Risk Officer	
Date of next review	2027	
Document No.	N318215	
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	27.01.2021	Inclusion of list of matters to be reported (OM2021/4)
1.4	22/06/2022	Amendment to frequency of Risk Management Reporting
1.5	13.09.2023	Review. No amendments
1.6	25.09.2024	Amendment to include independent external member
1.7	25.09.2025	Legislative changes as per Section 87 of the <i>Local Government Amendment Act 2024</i> OM2025/129
1.8	25.03.2026	Review and amendments in accordance with <i>Local Government Regulations Amendment Regulations (No.4) 2025</i> OM2026/37

