

AGENDA

Dear Committee Members,

I respectfully advise that an **AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING** will be held in the Council Chambers, McGregor St, Port Hedland, on **Tuesday, 9 May 2023**, commencing at 5:30 pm

MEETING AGENDA ATTACHED

Yours faithfully



Carl Askew
Chief Executive Officer

5 May 2023

DISCLAIMER

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DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS

*Local Government Act 1995 – Section 5.65, 5.70 and 5.71
Local Government (Model Code of Conduct) Regulations 2021*

<i>This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Model Code of Conduct) Regulations 2021</i>			
Name			
Position			
Date of Meeting			
Type of Meeting (Please circle one)	Council Meeting/ Committee Meeting/ Special Council Meeting Workshop/ Public Agenda Briefing/ Confidential Briefing		
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality

Signature: _____

Date: _____

Important Note: Should you declare a **Financial or Proximity Interest**, in accordance with the Act and Regulations noted above, you are required to leave the room while the item is being considered.

For an **Impartiality** Interest, you must state the following prior to the consideration of the item:

“With regard to agenda item (read item number and title), I disclose that I have an impartiality interest because (read your reason for interest). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”

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Item 1 Opening of Meeting

The Presiding Member is to declare the meeting open at [Enter Time](#).

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledges the Kariyarra people as the Traditional Custodians of the land that we are meeting on and recognises their strength and resilience and he pays his respects to elders past, present and emerging.

Item 3 Recording of Attendance

Important note:

This meeting is being audio recorded to facilitate community participation and for minute-taking purposes, which may be released upon request to third parties. In accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders members of the public are not permitted to use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the Presiding Member to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland Standing Orders Local Law mobile telephones must be switched off and not used during the meeting.

3.1 Attendance

Scheduled Present:

Committee Members:

Deputy Mayor Tim Turner (Presiding Member)
Councillor Ash Christensen

Scheduled for Attendance:

Carl Askew (Chief Executive Officer)
Tom Kettle (Manager Governance)
Stephanie Sikaloski (Audit, Risk and Insurance Advisor)

3.2 Attendance by Telephone / Instantaneous Communications

3.3 Apologies

3.4 Approved Leave of Absence

Councillor Flo Bennett (CM202223/007)

3.5 Disclosure of Interests

Item 4 Applications for Leave of Absence

Nil.

Item 5 Response to Previous Questions

Nil.

Item 6 Public Time

Important note:

In accordance with section 6.7(3) of the Town of Port Hedland Local Law on Standing Orders, members of the public are required to complete a question form and place the completed form in the tray provided.

If the Presiding Member determines that questions and statements are out of order due to the use of an offensive or objectionable expression or are defamatory, they will not be recorded or responded to.

6.1 Public Question Time

6.2 Public Statement Time

6.3 Petitions/Deputations/Presentations/Submissions

Item 7 Questions from Members without Notice

Item 8 Announcements by Presiding Member without Discussion

Item 9 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The Audit, Risk and Compliance Committee Members declare that they have given due consideration to all matters contained in the agenda.

Item 10 Confirmation of Minutes from Previous Meeting

OFFICER'S RECOMMENDATION

That Council confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Tuesday 7 March 2023 are a true and correct record.

Item 11 Reports of Officers

11.1 FY 2022-23 QUARTER 3 PROCUREMENT REPORT ON PANELS USAGE

Author: Senior Procurement & Contracting Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee notes that the report on panel usage for the quarter 01 January 2023 to 31 March 2023 has been delayed whilst the sourcing module is implemented within the Town's ERP System.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

As part of Panels of Pre-Qualified Suppliers Policy 2/022, Section 3 Compliance and Reporting the Town shall on a quarterly basis report to the Town's Audit, Risk and Compliance Committee any identified non-compliance with the Policy.

DETAIL

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, the Town established Panels of Pre-Qualified Suppliers.

As per section 2.2 of Policy 2/022 Panels of Pre-Qualified Suppliers, the Town exercises one of the following options for the distribution of work:

a) The Town will obtain quotations from each pre-qualified supplier on the panel with respect to all purchases.

Or

b) The Town will purchase goods and services exclusively from any prequalified supplier appointed to that panel.

The quotes obtained are authorised in accordance with the Town's Delegation Register. In every instance, a contract for an item of work with a prequalified supplier is not to exceed 12 months or include any options to renew or extend.

The quotes can be obtained either through e-mails or via VendorPanel. As a record keeping, the Infrastructure Directorate use to maintain a panel register (excel sheet) for works completed through the panels for which e-mail quotations were obtained. Procurement use to identify the requests for panels usage that were finalised via VendorPanel and then combine both data sets to prepare a complete list for a given period. With the transition to the Town's new ERP system, the panel engagement is now via the purchasing module of Tech1. However it has been identified that the contract numbers of the panels are not currently being referenced while raising the requisitions in Tech1 and hence while running the relevant reports, the information

is not reflected accurately making it difficult to interpret the works carried out through the use of panels.

The Town's Procurement team are currently liaising with the ERP and Finance teams to understand and explore the options to manage and rectify this so that correct data can be reported.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

Senior Procurement and Contracting Advisor

External Agencies

Nil.

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

- Policy 2/022 - Panels of Pre-Qualified Suppliers.
- Policy 2/007 - Procurement Policy
- Regulation 24AC of the Local Government (Functions and General) Regulations 1996

FINANCIAL AND RESOURCES IMPLICATIONS

Nil

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

- 4.2.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 – Ensure Governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because failure to implement the right procedure will result in non-compliance with industry best practice. The risk rating is considered to be medium (6), which is determined by a likelihood of possible (3) and a consequence of minor (2).

The risk will be mitigated by ensuring officers follow the procedures as per the procurement requirements in accordance with the Town's Policy documents.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

CONCLUSION

In accordance with the Panels of Pre-Qualified Suppliers Policy 2/022, Section 3, Compliance and Reporting, it is required to report the Procurement findings for non-compliance with the Panels Policy for every quarter to the Audit, Risk and Compliance Committee. Procurement team to liaise with the ERP team to fix the gaps identified in the TechOne purchasing module for better monitoring, control and accurate reporting of panels usage for future.

ATTACHMENTS

Nil

11.2 REVIEW OF AUDIT LOG FOR THE STRATEGIC 3-YEAR INTERNAL AUDIT PLAN

Author: Audit, Risk and Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER’S RECOMMENDATION

That the Audit, Risk and Compliance Committee receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan.

The ARC Committee, through section 7.2.4 of its Terms of Reference, has a responsibility to monitor management’s implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

DETAIL

William Buck Advisors (WA) were engaged by the Town to act as the Town’s internal audit function in February 2020. Following the engagement, William Buck prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the Audit, Risk and Compliance Committee on 11 August 2020 (Committee Decision: ARC202021/013).

In accordance with the Internal Audit Plan, the Town is required to maintain an Audit Log to track the status of agreed management actions.

A summary of the status of agreed management actions is found in the table below.

Action Due	Completed	In progress	Overdue	Total
FY 2020/21	5		4	9
FY 2021/22	14		9	23
FY 2022/23	33	25	15	73
FY 2023/24	0	12		12
FY 2024/25	0	1		1
Total	52	38	28	118

Overdue management actions have been assigned a revised due date, where possible, in agreement with the Accountable Officer.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

- Director Corporate Services
- Audit, Risk and Insurance Advisor

External Agencies

- William Buck Advisors (WA)

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

- Regulation 17, *Local Government (Audit) Regulations 1996*

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial or resource implications associated with this item.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2018-2028 is applicable in the consideration of this item:

- 4.2.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because the Town has committed to implement agreed management action plans from audit recommendations made through its Strategic 3-Year Internal Audit Plan. The risk rating is considered to be medium (9), which is determined by a likelihood of possible (3) and a consequence of moderate (3). The risk will be mitigated through the administration's and ARC Committee's regular reviewing and monitoring of the Audit Log.

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

It is recommended that the ARC Committee receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan. Overdue management actions have been assigned a revised due date in agreement with the Accountable Officer. With the ARC Committee providing oversight over the status of management actions, this will strengthen accountability and transparency.

ATTACHMENTS

1. Town of Port Hedland Audit Log (confidential) (under separate cover)

11.3 AWARD OF CONTRACT FOR RFQ 2223023 INTERNAL AUDIT PROGRAM

Author: Audit, Risk and Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER’S RECOMMENDATION

That the Audit, Risk and Compliance Committee notes the contract for RFQ 2223023 Internal Audit Program has been awarded to Paxon Group.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to note that the contract for Request for Quote (RFQ) 2223023 Internal Audit Program has been awarded to Paxon Group.

DETAIL

The Town relies on internal auditing for objective assurance and insight on the effectiveness and efficiency of governance, risk and financial management, and its overall internal control processes across its operations.

The Town of Port Hedland (the “Town”) engaged William Buck Advisors WA Pty Ltd (William Buck) through RFT192013 to undertake the Town’s internal audit function in February 2020. Following the engagement, William Buck prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the ARC Committee on 11 August 2020 (Committee Decision: ARC202021/013).

As the Town’s contract with William Buck has now expired, an RFQ for a new Internal Audit Program for the period 2023-2026 was advertised. The award of contract for RFQ2223023 Internal Audit Program to the preferred supplier, Paxon Group, will ensure a continuum of the Town’s internal auditing services in collaboration with the Town’s Audit, Risk & Insurance business unit and continued oversight from the ARC Committee.

Request for quote

RFQ 2223023 Internal Audit Program was released through VendorPanel on Friday, 10 March 2023.

The Contractor deliverables for this project are:

Area	Deliverable
Internal Audit Program	The Contractor is to deliver a proposed Three (3) Year Internal Audit Program (Internal Audit Program) to the Principal. The Internal Audit Program will need to be considered and adopted by the Audit, Risk & Compliance (ARC) Committee prior to any reviews being undertaken.

Reviews	Performance of three (3) reviews per annum and a formal documented Final Report of Findings (Audit Report) after each review is undertaken. The Contractor is to report its findings of each review to the ARC Committee at the earliest ARC Committee Meeting subsequent to the finalisation of each review.
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The 3-Year Internal Audit Program will be undertaken under the general supervision and guidance of the Audit, Risk and Compliance (ARC) Committee. The comprehensive program of reviews may be carried out through any business areas of the Town.

The program will consist of three (3) reviews each yearly cycle. The first review of each yearly cycle will be a review of the status of management actions contained in the Town’s Audit Log (Review of Audit Log). The remaining two (2) reviews each yearly cycle may cover any area of the Town’s operations. A risk-based approach will be considered when planning the topic of the second two (2) reviews of each yearly cycle.

The 3-Year Internal Audit program must include the following two (2) reviews, as guided by legislation:

1. A review of the appropriateness and effectiveness of the local government’s systems and procedures in relation to – a. Risk Management; b. Internal Control; and c. Legislative Compliance (Refer to Local Government (Audit) Regulations 1996, Regulation 17).
2. Financial Management systems and procedures. For the purpose of this proposal, financial management systems and procedures include but are not limited to those defined in Regulation 5(1) of Local Government (Financial Management) Regulations 1996.

At minimum, each review will consist of:

1. Entrance Meeting;
2. Interim Meeting (if required or requested);
3. Exit Meeting;
4. Final Report of Findings (Audit Report); and
5. Reporting to the ARC Committee in-person or via Microsoft Teams

Responses and Selection

Four suppliers responded to RFQ2223023 by the closing date. The preferred supplier, Paxon Group, was selected. Further information can be found in Confidential Attachment 1.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town’s ability to deliver services, impact the Town’s reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

- Director Corporate Services
- Director Regulatory Services
- Manager Governance
- Manager Financial Services
- Audit, Risk & Insurance Advisor

External Agencies

- Nil

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

Town of Port Hedland Risk Management Framework

FINANCIAL AND RESOURCES IMPLICATIONS

The 2022-23 budget is \$55,000.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following sections of the Town's Strategic Community Plan 2022-2032 are applicable in the consideration of this item:

- 4.2.2 Transparent and regular financial reporting and communication to the community is undertaken
- 4.2.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following actions of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.2.1 – Ensure the Town's finances are managed efficiently and effectively in line with legislated requirements
- 4.b.3.1 – Ensure governance information provided to the community is in line with legislated requirements

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because the Internal Audit Program is to contain two reviews guided by legislation. If these reviews are not undertaken independently, a compliance risk exists in that the reviews will not be completed by the prescribed deadline. The risk rating is considered to be medium (6), which is determined by a likelihood of unlikely (2) and a consequence of moderate (3).

The risk has been reduced by the award of contract to the preferred supplier.

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

The Town relies on internal auditing for objective assurance and insight on the effectiveness and efficiency of governance, risk and financial management, and its overall internal control processes across its operations. The award of contract for RFQ2223023 Internal Audit Program to the preferred supplier, Paxon Group, will ensure a continuum of the Town’s internal auditing services in collaboration with the Town’s Audit, Risk & Insurance business unit and continued oversight from the ARC Committee.

ATTACHMENTS

1. Evaluation Report (confidential) (under separate cover)

Item 12 New Business of an Urgent Nature (Late items)

Nil.

Item 13 Matters for Which Meeting May Be Closed (Confidential Matters)

Nil.

Item 14 Closure

14.1 Date of Next Meeting

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday, 8 August 2023 commencing at 5:30pm.

14.2 Closure

There being no further business, the Presiding Member declared the meeting closed at [enter time](#).

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TERMS OF REFERENCE

1. Purpose of the Terms of Reference

The purpose of the terms of reference is to facilitate the operation of the Audit, Risk and Compliance Committee.

2. Introduction

The Audit, Risk and Compliance Committee has been established in accordance with Part 7 of the *Local Government Act 1995*.

The Audit, Risk and Compliance Committee is an advisory committee formally appointed by the Council and is to provide guidance and assistance to Council on matters relevant to its terms of reference. The Audit, Risk and Compliance Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Compliance Committee does not have any management functions and is therefore independent of management.

The Audit, Risk and Compliance Committee will primarily focus on relevant matters relating to Audit (internal and external), Risk and Compliance.

The Audit, Risk and Compliance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditors and overseeing the external audit function, and promoting the transparency and accountability of the Town's financial management systems and reporting. The role of the Audit, Risk and Compliance Committee is to report to the Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate decision making by the Council in relation to the discharge of its responsibilities.

3. Objectives

The objectives of the Audit, Risk and Compliance Committee are to oversee:

- 3.1 The integrity of internal and external financial reporting, including accounting policies.
- 3.2 The scope of work, objectivity, performance and independence of the external auditor.
- 3.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.
- 3.4 The systems or procedures that are designed to ensure that the Town and its subsidiaries comply with relevant statutory and regulatory requirements.
- 3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.
- 3.6 The process and systems which protect the Council against fraud and irregularities.

- 3.7 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- 3.8 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

The Audit, Risk and Compliance Committee must also add to the credibility of Council by promoting ethical standards through its work.

4. Authority

The Audit, Risk and Compliance Committee has the authority to:

- 4.1 Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken.
- 4.2 Monitor and advise the Chief Executive Officer in reviews conducted under regulation 17(1) of the *Local Government (Audit) Regulations 1996* and regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.
- 4.3 Formally meet with the Town's appointed external auditor as necessary.
- 4.4 Seek resolution on any disagreements between management and the external auditors on financial reporting.
- 4.5 Advise Council on any or all of the above as deemed necessary.

5. Composition of Committee Members

- 5.1 The Audit, Risk and Compliance Committee will comprise of three Elected Members.
- 5.2 The Council will appoint Audit, Risk and Compliance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance Committee Members after an Election.
- 5.4 The members, taken collectively, will have a broad range of skills and experience in accounting or related financial management, with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Members may seek advice from an external independent advisor. The independent advisor will have a Certified Practising Accountant (CPA), Chartered Accountancy (CA) qualification or relevant discipline or experience in a similar position. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:
 - Accounting Standards (AASB)

- Tax Legislation
 - *Local Government Act 1995*
 - *Local Government* experience and/or Band 1 Council
- 5.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).
- 5.7 Audit, Risk and Compliance Committee members are required by the Local Government Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.
- 5.8 New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.
- 5.9 The Chief Executive Officer and employees are not members of the Committee.

6. Meetings

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Compliance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Compliance Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the *Local Government Act 1995*.
- 6.3 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.
- 6.4 All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.
- 6.5 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Compliance Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.6 The Audit, Risk and Compliance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in this terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 6.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 6.9 Pursuant to regulation 13 of the *Local Government (Administration) Regulations 1996*, unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.

6.10 Voting is in accordance with Section 5.21 of the Act.

7. Responsibilities

The Audit, Risk and Compliance Committee will carry out the following responsibilities:

7.1 Risk Management

- 7.1.1 Review and suggest improvements to whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the Town's business and financial risks, including fraud.
- 7.1.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 7.1.3 Assess the impact of the Town's enterprise risk management framework on its control environment and insurance arrangements.
- 7.1.4 Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.
- 7.1.5 Determine whether the Town has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

7.2 Internal Control and Internal Audit

- 7.2.1 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 7.2.2 Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.
- 7.2.3 Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 7.2.4 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

- 7.2.5 Oversee the coordination of planned activities between the 4 lines of defence, which outlines the ownership, accountabilities, resources and governance of risk management activities within the Town.

7.3 Financial Report

- 7.3.1 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 7.3.2 Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.
- 7.3.3 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.
- 7.3.4 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.
- 7.3.5 Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

7.4 Compliance

- 7.4.1 Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 7.4.2 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.
- 7.4.3 Obtain regular updates from management about compliance matters.
- 7.4.4 Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

7.5 External Audit

- 7.5.1 Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting)
- 7.5.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.

- 7.5.3 Provide an opportunity for the Audit, Risk and Compliance Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Compliance Committee or the external auditors believe should be discussed privately.
- 7.5.4 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with external audit function.
- 7.5.5 Monitor management's implementation of external audit recommendations.
- 7.5.6 Monitor the relationship between internal auditors and the Office of the Auditor General.

7.6 Reporting Responsibilities

- 7.6.1 Report regularly to the Council Audit, Risk and Compliance Committee activities, issues, and related recommendations through circulation of minutes.
- 7.6.2 Monitor that open communication between the internal auditor, the external auditors, and the Town's management occurs.

8 Other Responsibilities

- 8.1 Perform other activities related to this terms of reference as requested by the Council.
- 8.2 Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Audit, Risk and Compliance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

9 Version Control

- V1. *Adopted by Council at its Ordinary Meeting held 16 November 2011.*
- V2. *Amended by Council at its Ordinary Meeting held 23 October 2013.*
- V3. *Amended by Council at its Ordinary Meeting held on 11 December 2013.*
- V4. *Amended by Council at its Ordinary Meeting held on 27 May 2015.*
- V5. *Amended by Council at its Ordinary Meeting held on 28 October 2015.*
- V6. *Amended by Council at its Ordinary Meeting held on 22 June 2016.*
- V7. *Amended by Council at its Ordinary Meeting held on 24 May 2017.*
- V8. *Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.*
- V9. *Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.*
- V10. *Amended by Council at its Ordinary Meeting held on 23 September 2020.*
- V11. *Re-Adopted by Council at its Ordinary Meeting held on 7 September 2022.*