

Committee Terms of Reference

Shire of Morawa Audit & Risk Committee

Objectives of Audit Committees

The primary objective of the audit and risk committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

The committee is to facilitate –

- the enhancement of the credibility and objectivity of internal and external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- liaise with the Office of the Auditor General and the appointed auditor in all matters pertaining to the annual audit as required and forward any recommendations arising to Council for their resolution; and
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

Powers of the Audit & Risk Committee

The Audit & Risk Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

Membership

The Committee will consist of four elected members of council. All members shall have full voting rights.

The Independent Chair of the Committee will be appointed by Council Resolution for a Term duration of from appointment until the next Committee Membership election. The Independent Chair will have full voting rights.

The CEO and employees are not members of the committee. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee.

The local government shall provide secretarial and administrative support to the Committee.

Committee Terms of Reference

Meetings

The Committee shall meet at least three times per annum. In general, this will align with the Annual Audit, Interim Audit, and Compliance Audit Return findings.

Additional meetings shall be convened at the discretion of the Presiding person.

Reporting

Reports and recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

Role and Responsibilities

The role and responsibilities of the committee will be:

1. Audit
 - a. Provide guidance and assistance to Council as to the carrying out of the functions of the local government in relation to audits;
 - b. Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
 - c. Liaise with the CEO to ensure that the local government does everything in its power to
 - o assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - o ensure that audits are conducted successfully and expeditiously;
 - d. Examine the reports of the auditor after receiving a report from the CEO on the matters to –
 - o determine if any matters raised require action to be taken by the local government; and
 - o ensure that appropriate action is taken in respect of those matters;
 - e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
 - f. Review the scope of the audit plan and program and its effectiveness;
 - g. Review the local government's draft annual financial report, focusing on –
 - o accounting policies and practices;
 - o changes to accounting policies and practices;
 - o the process used in making significant accounting estimates;
 - o significant adjustments to the financial report (if any) arising from the audit process;
 - o compliance with accounting standards and other reporting requirements; and
 - o significant variances from prior years;
 - h. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
 - i. Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;

Committee Terms of Reference

- j. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;
 - k. Review the annual Compliance Audit Return and report to the Council the results of that review; and
 - l. Consider the CEO's reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the Council the results of those reviews.
2. Risk Management
- a. Oversight in the areas of risk management, internal control, and legislative compliance in accordance with the Local Government (Audit) Regulations 1996 r.17.
 - b. Consider, approve, and review the Shire's Strategic Risk Register and associated controls
 - c. Advise Council on the Shire's risk framework and the organisations performance against the framework.