

Audit and Risk Committee - 15 March 2023 Attachments

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RISK MANAGEMENT POLICY

POLICY NUMBER: EXEC-CEO-014

PURPOSE

The objective of this Policy is to state the intention of the City to identify potential risks before they occur so impacts can be minimised or opportunities realised; ensuring the City achieves its strategic and corporate objectives efficiently, effectively and within good corporate governance principles.

SCOPE

This policy applies to Council Members and all employees and contractors involved in any City operations.

DEFINITIONS

CEO means the Chief Executive Officer of the City.

City means the City of Kalgoorlie-Boulder.

Council Members means elected members of the Council.

Risk means effect of uncertainty on objectives.

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation- wide, project, product or process).

Risk Management means coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process means systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

POLICY STATEMENT

The City is committed to achieving best practice (aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines) in the management of all risks that may affect the City meeting its



objectives.

Risk management functions will be resourced appropriately to match the size and scale of the City's operations and will form part of the Strategic, Operational, and Project responsibilities and be incorporated within the City's Integrated Planning Framework.

POLICY DETAILS

Key criteria

The following points provide detail on the objective specifics:

1. Aligns with, and assists the implementation of all City policies.
2. Optimises the achievement of the City's vision, mission, strategies, goals and objectives.
3. Provides transparent and formal oversight of the risk and control environment enabling effective decision-making.
4. Enhances risk versus return within the City's risk appetite.
5. Embeds appropriate and effective controls to mitigate risk.
6. Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
7. Enhances organisational resilience.
8. Identifies and provides for the continuity of critical operations.

Roles & Responsibilities

Executives, managers and supervisors have the responsibility and accountability for ensuring that all staff effectively manage the risks within their own work areas. In each of these areas, risks should be anticipated and reasonable protective measures taken. The City's Risk Management Framework outlines in detail all roles and responsibilities associated with managing risks within the City.

The CEO is responsible for the:

- Implementation of this Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of this Policy and the City's Risk Management Framework at least triennially, or in response to a material event or change in circumstances.

Risk Assessment and Acceptance Criteria

The City has quantified its broad risk appetite through the development and endorsement of the City's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework and as a component of this policy.

All organisational risks are to be assessed according to the City's Risk Assessment and



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Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment.

Monitor and Review

The City will implement and integrate a monitor and review process to report on the achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends,

COMPLIANCE REQUIREMENTS

AS/NZS ISO 31000:2018 Risk Management - Guidelines

RELEVANT DOCUMENTS

Risk Management Framework

DOCUMENT CONTROL		
Responsible department		
Date adopted by Council		Resolution number:
Date of last review		Policy reviewed and amended
Date of next review		



ID:		Risk - 216985			
Risk Title or Work Activity:		Climate Change Impacts			
Risk Description:		Climate changes impacting the region Developments Regional Growth			
Responsible Person:		Kevin Ketterer			
Date of Risk Identification:		07/02/2018			
Corporate Risk?		Yes			
Risk Type:		Strategic			
Risk Category:		Community Health & Wellbeing			
Department:		Health & Community Safety Planning Development & Regulatory Services Policy			
Location/Project:		Administration			
Possible Risk Events:		Extended drought or extreme hig intensity rainfall events			
Possible Consequences:		Severe recycled and stormwater scarcity and localised flooding events with loss of property			
Initial Risk Score:		<div><div>8 (Medium) - 32.00%</div></div>			
Initial Risk Comments:		Maximization of recycled water and maximize capture of stormwater. Maximize capacity of road network to manage stormwater runoff, as well as provision of stormwater detention facilities			
Residual Risk Score:		<div><div>4 (Low) - 16.00%</div></div>			
Residual Risk Comments:		Climate change a longer-term event which is very unlikely to occur within the next 20 years, although occurrence of droughts and extreme storms may increase. Planning for the increase in capacity in stormwater detention and drought mitigation in progress, with implementation planned in the LTFP over the next 10 years			
Other Requirements/Comments:		KK review 21/11/2022			
Current:		Yes			
Risk Controls					
Control Details		Reviewer	Next Review Date	Last Review Date	Review Notes
Strategic development planning and ongoing monitoring		Ric Halse			
		<div><div>4 (Low) - 16.00%</div></div>			
Renewable Energy Projects		Alexander Wiese			
		<div><div>4 (Low) - 16.00%</div></div>			
Support for Energy Solutions Task Force		Alexander Wiese			



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		4 (Low) - 16.00%							
Pursuit of alternate energy options		Alexander Wiese							
		4 (Low) - 16.00%							
Purchase of electric vehicles		Alexander Wiese							
		4 (Low) - 16.00%							

Actions							
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date
Documents							
Date Added	Document Name			Document Details			
Saved PDF Versions							
Date Saved	Saved By		Revision	PDF Document			
01/12/2022 12:25:14 AM	Frances Liston		2	Risk216985_2022-12-01_12-25-14_AM.pdf			
21/10/2022 3:24:03 PM	Frances Liston		1	Risk216985_2022-10-21_3-24-03_PM.pdf			



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ID:		Risk - 216839			
Risk Title or Work Activity:		Critical Infrastructure Failure - South Boulder Wastewater Treatment Plant			
Risk Description:		Critical infrastructure failure resulting in injury or health complications to the community			
Responsible Person:		Kevin Ketterer			
Date of Risk Identification:		04/04/2022			
Corporate Risk?		Yes			
Risk Type:		Strategic			
Risk Category:		Assets & Infrastructure			
Department:		Waste Water & Sustainability			
Location/Project:					
Possible Risk Events:					
Possible Consequences:					
Initial Risk Score:		<div><div></div><div>20 (High) - 80.00%</div><div></div></div>			
Initial Risk Comments:					
Residual Risk Score:		<div><div></div><div>6 (Low) - 24.00%</div><div></div></div>			
Residual Risk Comments:					
Other Requirements/Comments:		KK review 21/11/2022.			
Current:		Yes			
Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Upgrading/maintenance of plant	Sheena Clark	01/05/2022			EFFECTIVE (Designed Adequately; Operating Effectively)
		<div><div></div><div>6 (Low) - 24.00%</div><div></div></div>			
Trained operators	Sheena Clark	01/05/2022			EFFECTIVE (Designed Adequately; Operating Effectively)
		<div><div></div><div>6 (Low) - 24.00%</div><div></div></div>			
Audits of facilities	Sheena Clark	01/05/2022			EFFECTIVE (Designed Adequately; Operating Effectively)
		<div><div></div><div>6 (Low) - 24.00%</div><div></div></div>			
Water/sewerage testing	Sheena Clark	01/05/2022			EFFECTIVE (Designed Adequately; Operating Effectively)



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		Sheena Clark	01/05/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
Water loss programs		Sheena Clark	01/05/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
Restoration programs		Sheena Clark	01/05/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
Computer based monitoring		Sheena Clark	01/05/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
CAPEX Program		Sheena Clark	01/05/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
Agreements with Water Corporation		Sheena Clark	01/05/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)
Asset Management tool encompassing software		Alyce Spokes	01/11/2022	6 (Low) - 24.00%		EFFECTIVEÂ (Designed Adequately; Operating Effectively)

Actions						
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status Due Date
Documents						
Date Added	Document Name					

Saved PDF Versions				
Date Saved	Saved By	Revision	PDF Document	
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ID: Risk - 263090	
Risk Title or Work Activity:	Entry into contracts on terms not favourable to the City
Risk Description:	Entry into contracts, memorandums of understanding and heads of agreement on terms that are not favourable to the City, which the City is or may be unable to comply with or which may not include appropriate scope of work specifications to meet the City's needs
Responsible Person:	Frances Liston
Date of Risk Identification:	10/03/2023
Corporate Risk?	Yes
Risk Type:	Strategic
Risk Category:	Governance, Legal & Compliance
Department:	CEO
Location/Project:	Administration
Possible Risk Events:	Contractual breach by the City Inability for the City to terminate contract for third party non compliance Reputation damage Financial damage
Possible Consequences:	Financial or other third party liability for contractual breach Reputational damage City bound by contract terms which do not meet the City's needs
Initial Risk Score:	10 (High) - 40.00%
Initial Risk Comments:	
Residual Risk Score:	
Residual Risk Comments:	
Other Requirements/Comments:	
Current:	Yes

Risk Controls					
Control Details	Reviewer	Next Review Date	Last Review Date	Review Notes	Control Effectiveness
Obtain legal advice on contracts	Frances Liston	01/03/2025	01/03/2023		Major reduction in Risk
<div> <div>5 (Moderate) - 20.00%</div> </div>					



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Scope of works specifications and contract, memorandums of understand and heads of agreement documents prepared by City officer reviewed by review panel or management

Frances
Liston

01/03/2025

01/03/2023

Moderate reduction
in risk



Actions						
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status
Documents						
Date Added	Document Name			Document Details		
Saved PDF Versions						
Date Saved	Saved By		Revision	PDF Document		
10/03/2023 10:55:11 AM	Frances Liston		1	Risk263090_2023-03-10_10-55-11_AM.pdf		



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ID: Risk - 217004			
Risk Title or Work Activity:		Risk of Injury to Community Member/s due to Poor Condition of Council Property	
Risk Description:		Potential Hazards not being identified/actioned at sporting grounds, parks, playgrounds, public buildings, pavilions, and halls impacting the community	
Responsible Person:		Kevin Ketterer	
Date of Risk Identification:		22/06/2017	
Corporate Risk?		Yes	
Risk Type:		Operational	
Risk Category:		Assets & Infrastructure	
Department:		Engineering Operations Property	
Location/Project:		Injury to users of council facilities and buildings	
Possible Risk Events:		Medical attention to injured parties. Major injury or fatality not considered likely	
Possible Consequences:			
Initial Risk Score:		<div><div></div><div>24 (Extreme) - 96.00%</div></div>	
Initial Risk Comments:		Currently low level of asset inspection or documentation of condition, risk and safety assessments	
Residual Risk Score:		<div><div></div><div>8 (Medium) - 32.00%</div></div>	
Residual Risk Comments:		Asset condition assessments to be carried out during 2023, followed by a plan of maintenance, renewal and upgrade works for all classes of parks assets.	
Other Requirements/Comments:		Reviewed by ELT 21/11/22, comments added by KK Reviewed by KK and FL 10/03/2022	
Current:		Yes	
Risk Controls			
Control Details	Reviewer	Next Review Date	Last Review Date
Ongoing staff training - asset management, inspections	Kevin Ketterer	21/11/2022	
<div><div></div><div>1 (Low) - 4.00%</div></div>			
Control Effectiveness			
Moderate reduction in risk			
Monitoring and reporting on maintenance compliance	Lui Camporeale	01/03/2022	



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Risk Controls									
Control Details		Reviewer	Next Review Date	Last Review Date	Review Notes		Control Effectiveness		
				3 (Low) - 12.00%					
Insurance		Nicole Iisley	01/05/2022						
				3 (Low) - 12.00%					
Maintenance Programs		Nicole Iisley	01/06/2022						
				3 (Low) - 12.00%					
Implement plant maintenance system in synergy and train all staff on its use		Xandra Curnock	01/08/2022						
				3 (Low) - 12.00%					
Occupational Health & Safety		Michelle Barnfield	01/10/2022						EFFECTIVE (Designed Adequately; Operating Effectively)
				3 (Low) - 12.00%					
Process improvement focusing on condition assessment.		Kevin Ketterer	01/11/2023	21/11/2022	Framework is established but lack of budget makes this difficult to implement.				PARTIALLY EFFECTIVE (Designed Partially Adequately; Operating Partially Effectively)
				3 (Low) - 12.00%					
Actions									
Action Source	Action Required	Action Priority	Person Responsible	Extra Comments	Percent Complete	Status	Due Date		
Documents									
Date Added	Document Name			Document Details					
Saved PDF Versions									
Date Saved	Saved By		Revision	PDF Document					
10/03/2023 10:31:25 AM	Frances Liston		3	Risk217004_2023-03-10_10-31-25_AM.pdf					
01/12/2022 12:32:31 AM	Frances Liston		2	Risk217004_2022-12-01_12-32-31_AM.pdf					
21/10/2022 3:50:45 PM	Frances Liston		1	Risk217004_2022-10-21_3-50-45_PM.pdf					

City of Kalgoorlie-Boulder Audit and Risk Committee Annual Work Plan 2023.

Functions, responsibilities and associated activities	Mar 2023	Jun 2023	Sep 2023	Dec 2023
1. Governance arrangements				
Review the membership and appoint chair of committee at next meeting after each local government election (biennially)				X
New members induction (biennially)				X
If required review the City's governance arrangements or elements of the arrangements and suggest improvements where appropriate (as required)				X
2. Risk management				
Review the risk management framework/policy, risk register and fraud and corruption control plans to see that the risks represent and address the current environment and strategic direction of the entity, and meet legislative compliance and better practice principles. (annually)	X			
Review the City's strategic risk register (bi-annually)		X		X
Review the City's operational risk register (annually)		X		
3. Systems of internal control				
Receive the CEO's review of appropriateness and effectiveness of the systems and procedures in relation to Risk Management, Internal Control and Legislative Compliance as per reg 17 of Audit Regs. (triennially – next due FY25)				
Receive CEO's review of the appropriateness and effectiveness of the financial management systems and procedures of the City as per reg 5 F&M regs (triennially – next due FY25)				
4. Compliance and ethics				
Receive and endorse the City's Compliance Audit Return for the period 1 January 2022 to 31 December 2022 as per the Audit Regs	X			
5. Internal audit				
Review the proposed internal audit plan for the next financial year, ensuring the coverage is aligned with key risks and recommend approval of the internal audit plan by Council		X		
Review progress of the internal audit plan	X	X	X	X
Review internal audit reports and provide advice to Council on significant issues identified and actions required.	X	X	X	X
Review the implementation status of internal audit recommendations	X	X	X	X
6. Financial reporting				
Review progress in preparing the financial statements against the preparation plan/timetable	X (FY22)		X (FY23)	
Review briefing from management on significant emerging issues, judgements and estimates impacting the financial statements. Review accounting policy papers on key matters.		X (FY22 – April 2023)		X (FY23)

Review draft management representation letter		X (FY22)		X (FY23)
Review whether management has addressed issues raised by the OAG including financial statement adjustments of revised disclosures	X	X	X	X
7. External audit				
External auditor to present audit planning schedule/report upcoming for financial audit		X		
Receive updates on issues arising from financial or performance audits	X	X	X	X
Review the status of implementation of financial and performance audit recommendations	X	X	X	X
Discuss audit exit brief and final management letter for the financial audit and assess the appropriateness of managements response to recommendations		X (FY22 – April 2023)		X (FY23)
Receive Annual Financial Report and Accompanying Audit Report for the year ended 30 June		X (FY22 – April 2023)		X (FY23)
Receive the Auditors Management Report / Findings Report in respect of the audit for the financial year		X (FY22 – April 2023)		X (FY23)
Approve report prepared by CEO addressing matters identified as significant by the audit in the audit report and the proposed actions the City intends to take with respect to each matter and give a copy to the Minister as per s7 of the Act		X (FY22 – April 2023)		X (FY23)
8. Committee operations				
Conduct an assessment of the performance of the audit committee and ensure that the committee complies with its terms of reference	X			
Agree on the annual work plan; and set priority areas for the coming year.	X			
Review the finance and audit committee terms of reference and recommend any substantive changes to the accountable authority	X			

Resolution Register 2022							
OCM Meeting Date	Item No	Item Name	Author	Responsible Officer	Department	Council Resolution	Action Progress
28-Mar-22	14.2.1	Compliance Audit Return 2021	Emma Holtum	David Trevaskis	DCEO	That Council: 1. Receive and endorse the submission of the Compliance Audit Return for the period 1 January 2021 – 31 December 2021 to the Department of Local Government, Sport and Cultural Industries in accordance with the Local Government (Audit) Regulations 1996; and 2. Note the actions being undertaken as described in the report to address the issues identified in the Compliance Annual Return.	Complete
28-Mar-22	14.2.2	Financial Management Systems Review 2022	Xandra Curnock	David Trevaskis	DCEO	That Council: 1. Note the requirement for the financial management systems review to be compliant with regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 2. Approve the budget amendment of up to \$25,000 for an external consultant to perform the financial management systems review	Complete
28-Mar-22	14.2.3	Altus Update - March 2022	Xandra Curnock	David Trevaskis	DCEO	That Council receive the update for the implementation of Altus Core Financials .	Complete
28-Mar-22	14.2.4	Audit and Risk Committee Standing Items March 2022	David Trevaskis	David Trevaskis	DCEO	That Council receive the information.	Complete
23-May-22	14.1.1	2020-21 Annual Financial Report	Xandra Curnock	David Trevaskis	DCEO	That Council: 1. Accepts the Annual Financial Report of the City of Kalgoorlie-Boulder and the accompanying Independent Audit Report for the financial year 2020-21; and 2. Accepts the Auditors Management Report / Findings Report in respect of the financial audit for the financial year 2020-21.	Complete
25-Jul-22	14.1.1	Financial Management Systems Review 2022	Xandra Curnock	David Trevaskis	Directorate Corporate and Commercial	That Council accepts the update on the Finance Management Review for 2022	Complete
25-Jul-22	14.1.2	Audit and Risk Committee Standing Items June 2022	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council receive the information.	Complete
25-Jul-22	14.1.3	Strategic Risk Register	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council receives the June 2022 Strategic Risk Register as reviewed by the committee	Complete
25-Jul-22	14.1.4	Reserves at 30 June 2022	Xandra Curnock	David Trevaskis	Directorate Corporate and Commercial	That Council accepts the estimated reserve position at 30 June 2022	Complete
25-Jul-22	14.1.5	Update on loan borrowings	Xandra Curnock	David Trevaskis	Directorate Corporate and Commercial	That Council note the closing position of the loan borrowings at 30 June 2022	Complete
24-Oct-22	14.1.1	Audit and Risk Committee Standing Items September 2022	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council receive the information.	Complete
24-Oct-22	14.1.3	OAG - Local Government Focus Reports 2022	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council notes the results from the following Western Australian Auditor General's reports: Information Systems Audit Report 2022 – Local Government Entities; Financial Audit Results – Local Government 2020-21; and Fraud Risk Management – Better Practice Guide.	Complete
19-Dec-22	14.2.1	Risk Register review	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council: (1) Note the outcomes of the risk review as presented in this report and attachments; (2) Endorse and adopt the updated November 2022 risk register, including endorsement and adoption of the following: updates to the risk register including risk descriptions, assessment ratings and controls; The variation of existing risks: "Loss of IT" to include "and cyber attack"; and "Lack of preparedness" added to "Failure to update and advance technology"; the removal of the following risks from the risk register: Boundary change; Insufficiently maintained records; Failure of critical IT infrastructure; and the addition of the following risks to the register: Failure to comply with Governance Framework; and Failure to engage with community stakeholders.	Complete
19-Dec-22	14.2.2	Credit Card Policy Update	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council approves the updated Credit Card Policy CORP-F-007.	Complete
19-Dec-22	14.2.4	Audit and Risk Committee Standing Items December 2022	David Trevaskis	David Trevaskis	Directorate Corporate and Commercial	That Council receive the information.	Complete
19-Dec-22	14.2.5	Annual Financial Report 2021/22 Audit Update	Casey Radford	Casey Radford	Finance Manager	That Council receives the Annual Financial Report 2021/22 and Audit progress update.	Complete

City of Kalgoorlie-Boulder

Objective

This report is to provide the audit committee with an update on the progress of actions taken by management to implement audit recommendations. The information is to help the audit committee monitor the timeliness of agreed actions and understand the reason for any delay.

Source and year	Report Date	Recommendation (record details)	Risk Rating	Manager responsible	Original completion date	Revised completion date	Status	Management Comments on action taken
Audit Findings 2019/20 – Grant Thornton/OAG	09/12/2020	Documentation inconsistencies in IT policies – recommend management: <ul style="list-style-type: none"> Incorporate missing elements into existing documentation as listed Finalise the implementation of formal policies where lacking and Ensure that existing requirements be documented 	Minor	Alyce Spokes	June 2021	30/11/2022	Open	Due to staff turnover during FY2021 this has been delayed. Policies will be updated during FY2022. (noted as a finding again 2021 audit)
Audit Findings 2019/20 – Grant Thornton/OAG	30/04/2022	Disaster recovery plan - The City should ensure the DRP is adequately	Moderate	Alyce Spokes	30/06/2022	31/12/2022	Open	A full disaster recovery solution has been

		defined to meet these recovery requirements and tested on a regular basis. These tests should be used to confirm key IT systems and services can be restored or recovered within the required timeframes. The tests should also be used to verify that key staff are familiar with the plan and their specific roles and responsibilities in a disaster situation. The results of these tests should be documented, and relevant actions taken to improve the plan where necessary						developed and approved and will be in place by June 2023. Currently all data and servers are backed up off site in Perth to ensure minimal loss to the business in the event of a disaster
Audit Findings 2019/20 – Grant Thornton/OAG	30/04/2022	Cybersecurity testing - Management should perform tests to assess vulnerabilities of the IT environment on a periodic basis in order to identify	Moderate	Alyce Spokes	31/12/2022	31/12/2022	Open	The City is working with a consultant to implement the Essential Eight cyber security guidelines for business as

		potential vulnerabilities and improve the strength of IT security measures						recommended by the Australian Cyber Security Centre. Works are ongoing and expected to be completed by December 2023.
Financial Management Review June 2022 – Hall Chadwick	14/09/2022	Credit card purchases – Recommend CKB to update its credit card policy to reflect updated processes (use of mobile phone app)	Moderate	Xandra Curnock	31/10/2022	31/10/2022	Resolved	Credit Card Policy reviewed, updated and approved by Council.



City of
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COUNCIL COMMITTEE AND WORKING GROUP HANDBOOK

VERSION CONTROL	
Date of adoption by Council	27 September 2022
Date of last review	27 September 2022
Date of next review	Prior to next Local Government Election – October 2023

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1. OVERVIEW OF THIS HANDBOOK

This handbook:

- Provides Council a framework of all matters relating to Council Committees and Working Groups;
- Details the City of Kalgoorlie-Boulder's policy regarding Council Committees and Working Groups;
- Sets out current membership for 2021 – 2023 of all Council Committees, Working Groups and external committees; and
- Sets out the adopted Terms of Reference for each Council Committee and Working Group.

2. ADVISORY GROUPS FOR COUNCIL

Council functions are assisted by Council Committees and Working Groups. In addition, Council members are involved in external committees in order to act as a liaison between Council and the relevant committees.

2.1 COUNCIL COMMITTEES

Subdivision 2 of Division 2 of Part 5 of the Local Government Act contains provisions regarding the establishment of committees and the structure of their meetings. The Standing Orders Local Law 2013 also applies to Council Committees.

To assist with its decision-making responsibilities, Council is able to establish Committees to assist it in performing its wide range of activities and functions. Committees report to Council and are subject to the requirements of the Act and the City's meeting procedures for meetings.

Council may delegate authority to Committees in relation to its decision-making functions, in which case Committee meetings become open to the public (other than in relation to confidential items). Currently, none of Council's Committees have delegated authority and are therefore required to make recommendations to Council, for Council to determine by resolution.

Council has established the following Committees:

1. Audit and Risk Committee;
2. Commercial Business Committee;
3. Chief Executive Officer Performance Review Committee; and
4. Governance and Policy Committee.

In addition, Council appoints an elected member and deputy to the Youth Council.

2.2 COUNCIL WORKING GROUPS

Unlike Committees, Working Groups are not formally established under the Local Government Act. Working Groups are established from time-to-time as a mechanism for facilitating and improving broader participation in the City's decision-making process. They provide an engagement mechanism for Elected Members, staff and, where appropriate the community, on a wide range of issues.

The opportunity to obtain such views assists Elected Members and Council to address strategic issues and priorities, well before these are presented to Council or a Committee.

Working Groups make recommendations to the CEO and administrative staff, who in turn detail those recommendations and comments within formal reports to Council or a Committee on a particular issue or topic.

Council has established the following working groups:

1. Historic Hannan Street Precinct Working Group;
2. Walk of Fame Working Group; and
3. Boulder Tourism Precinct Strategy Working Group.

2.3 EXTERNAL COMMITTEES

External committees are not committees of Council but are external boards of management that are either constitutionally required to have City of Kalgoorlie Councillors as members, or have requested that Council nominate an elected representative to become a member.

Council members are members of the following external Committees:

1. Liquor Accord Committee;
2. Cemetery Board;
3. Goldfields Voluntary Regional Organisation of Councils (GVROC);
4. Kalgoorlie-Boulder Urban Landcare Group;
5. Kalgoorlie-Boulder Visitors Centre;
6. (Joint) Development Assessment Panel;
7. Western Australian Museum – Kalgoorlie-Boulder;
8. Palace Theatre Recreation Centre;
9. Roadwise;
10. Arts and Culture Goldfields Association (Artgold);
11. Local Emergency Management Committee (LEMC);
12. Reconciliation Action Plan;
13. Historical Society Committee;
14. Fair Society Committee.

3. MEMBERSHIP OF COUNCIL COMMITTEES 2021 – 2023

	Mayor John Bowler	Deputy Mayor Glenn Wilson	Cr Deborah Botica	Cr Mandy Reidy	Cr David Grills	Cr Terrence Winner	Cr John Matthew	Cr Kirsty Dellar	Cr Amy Astill	Cr Kim Eckert	Cr Mick McKay	Cr Suzie Williams	Cr Wayne Johnson
Audit and Risk Committee	x	xx	x			x	x	x	x	x			
Commercial Business Committee	x	x				x	x	x	x	x			
Chief Executive Officer Performance Review Committee	x	x					x			x		x	
Governance and Policy Committee	x	x				x		x		x			
Youth Council						xx			x				

x member

xx deputy member

4. MEMBERSHIP OF WORKING GROUPS 2021 – 2023

	Mayor John Bowler	Deputy Mayor Glenn Wilson	Cr Deborah Botica	Cr Mandy Reidy	Cr David Grills	Cr Terrence Winner	Cr John Matthew	Cr Kirsty Dellar	Cr Amy Astill	Cr Kim Eckert	Cr Mick McKay	Cr Suzie Williams	Cr Wayne Johnson
Historic Hannan Street Precinct Working Group	x		x					x	x	x			
Walk of Fame Working Group Committee	x		x	x					x				
Boulder Tourism Precinct Strategy Working Group	x					x	x	x	x		x		

x member

xx deputy member

5. MEMBERSHIP OF EXTERNAL COMMITTEES 2021 – 2023

	Mayor John Bowler	Deputy Mayor Glenn Wilson	Cr Deborah Botica	Cr Mandy Reidy	Cr David Grills	Cr Terrence Winner	Cr John Matthew	Cr Kirsty Dellar	Cr Amy Astill	Cr Kim Eckert	Cr Mick McKay	Cr Suzie Williams	Cr Wayne Johnson
Liquor Accord Committee	x												
Cemetery Board													x
Goldfields Voluntary Regional Organisation of Councils (GVROC)	x					xx				x			
Kalgoorlie-Boulder Urban Landcare Group												x	
Kalgoorlie-Boulder Visitors Centre						x				xx			
(Joint) Development Assessment Panel						x		xx		xx		x	
Western Australian Museum – Kalgoorlie-Boulder				x									
Palace Theatre Recreation Centre										x		xx	
Roadwise		x			xx								
Arts and Culture Goldfields Association (Artgold)							x		x				
Local Emergency Management Committee (LEMC)	x	xx						x		x			
Reconciliation Action Plan	x		x			X			x	x			
Historical Society Committee				x									
Fair Society Committee					X								

x member

xx deputy member

6. INDEPENDENT COMMITTEE MEMBERS OF COUNCIL COMMITTEES 2021 – 2023

Audit and Risk Committee	Alan Pental Robert Northcoat	Boulder Tourism Precinct Strategy Committee	Laurie Ayers Bart Jones Bodean Buckingham Chuck Thomas
Commercial Business Committee	n/a	Governance and Policy Committee	n/a
Walk of Fame Committee	Representative from Eastern Goldfields Historical Society Representative from Chamber of Minerals and Energy Representative from Kalgoorlie-Boulder Chamber of Commerce and Industries	Chief Executive Officer Performance Review Committee	n/a

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7. COMMITTEE AND WORKING GROUP POLICY- EXEC-CEO-018**7.1. PURPOSE**

This policy applies to Committees and Working Groups established by Council and was adopted by resolution of Council on 27 September 2022.

7.2. POLICY DETAILS**7.2.1. *Number of committees and working groups***

The creation of new Committees and Working Groups is to be restricted by allocating new tasks to an existing Committee or Working Group wherever possible.

7.2.2. *Creating new committees and working groups*

When compiling a report or recommendation for Council to establish a new Committee or Working Group, the following should be included:

- The purpose of the proposed Committee or Working Group;
- The terms of reference of the proposed Committee or Working Group;
- The number of council members, officers and other persons to be appointed to the proposed Committee or Working Group and if appropriate, names or titles of suggested persons;
- In the case of a Committee only, details of delegation of any powers or duties to the proposed Committee under section 5.16 of the *Local Government Act*;
- Details of City administration staff members responsible for providing assistance to the proposed Committee or Working Group; and
- Details of a funding source for the operation of the Committee or Working Group, if applicable.

7.2.3. *Membership*

Appointment of a Council member or independent member to a Committee or Working Group shall be resolved by Council resolution and each appointment shall cease upon the next ordinary local government election (unless the Council resolves to appoint the member for a lesser term or the member resigns or is removed from office prior to that next election).

City support staff are to ensure records of the members of the Committees and Working Groups are current and include relevant contact details.

In the event a Committee or Working Group member is absent from three consecutive meetings without first having been granted formal leave of absence by other members of the Committee or Working Group, his or her seat on the Committee or Working Group shall become vacant. If required by the relevant Presiding Member, the City support staff will advertise the vacancy.

Committee and Working Group members should not serve for more than four consecutive two-year terms.

A Committee member may resign their office, in writing to the CEO or relevant Presiding Member, in accordance with Regulation 4 of the *Local Government (Administration) Regulations 1996* and the same shall apply to a Working Group member.

The Council has the power under section 5.10 of the *Local Government Act 1995* and section 52(1) of the *Interpretation Act 1984* to resolve, by absolute majority, to suspend or remove a Committee member for any reason and the same shall apply to a Working Group member.

7.2.4. *Appointment of independent members to Committees or Working Groups*

Independent Committee or Working Group members (members who are not elected members) must be selected by Council on the basis of their ability to contribute to the effective working of the Committee or Working Group by:

- Having the relevant skills, knowledge and experience to deliver on the adopted terms of reference;
- Are sufficiently independent of the Council and its members and at the date of appointment to the Committee are without conflicts of interest that will or may impede on the ability of the independent member to be an effective Committee or Working Group member;
- Appreciation of the City of Kalgoorlie-Boulder Council, administration, its values and strategic plans;
- Having the ability to determine and deliver what the community expects from Council.

At least three months prior to the expiry of the terms of the existing independent Committee or Working Group members, or on any vacancy, the CEO in consultation with the Presiding Member of the Committee or Working Group shall determine:

- Appropriate selection criteria for independent candidates;
- Advertisements for the position and medium for distribution;
- Relevant dates for the selection process, including advertising for not less than 14 days.

A sitting independent committee member must re-apply through the application process.

Applicants will be required to submit a current CV and a statement against the selection criteria. If required by the CEO, Committee or Working Group or Council, the applicants will participate in an interview and/or provide references to be checked by the CEO and/or the CEO will undertake its own enquiries to verify the qualifications of the applicant.

Upon receipt of applications and closure of the advertising period, the CEO shall review the applications and make recommendations to Council upon assessing the applications against the selection criteria. The Committee will also consider the applications and CEO advice and will make recommendations to Council for the appointment of an independent Committee or Working Group member.

7.2.5. *Roles of Presiding Member of a Committee or Working Group*

In addition to the roles of Committee or Working Group member set out below, the Presiding Member must:

- Determine meeting points together with the City support staff;
- Preside at meetings of the Committee or Working Group, ensuring the debate and meeting procedures comply with the Standing Orders Local Law 2013;
- Check and sign off on meeting minutes; and

- Liaise with City support staff.

7.2.6. *Role of a Committee or Working Group Member*

Each Committee or Working Group member (whether an elected member or external member) must:

- Attend meetings;
- Act in accordance with the Code of Conduct for Council Members, Committee Members and Candidates;
- Consider only those matters that are within the Committee or Working Group's adopted Terms of Reference;
- Report to Council on the activities of the Committee or Working Group if requested to do so by the Council;
- Disclose financial or other interests at meetings as stipulated by the Local Government Act and Standing Orders Local Law 2013, and ensure these are recorded in the minutes.

7.2.7. *Role of City support staff*

The City will ensure that appropriate staff members are allocated to assist all Committees and Working Groups.

The relevant City support staff assigned to a Committee or Working Group must:

- Convene meetings of the Committee or Working Group;
- Prepare meeting agendas, record minutes of meetings and ensure that minutes are recorded in accordance with the City's records management practices;
- Refer recommendations of the Committee or Working Group for inclusion in a Council meeting agenda to obtain from Council decision where applicable; and
- Expend budgeted funds if authorised to do so.

7.2.8. *Role of the Council*

The role of Council in relation to the Committees and Working Groups is as follows:

- Appoint members to the Committee or Working Group during the term of operation as and when required;
- Make formal decisions on reports and recommendations received from the Committee or Working Group;
- Conduct a biannual review of each Committee and Working Group's purpose and any delegations of authority to determine whether they are still relevant and whether the Committee and Working Group is still required.

7.2.9. *Code of Conduct*

All Committee members are subject to the Code of Conduct for Council Members, Committee Members and Candidates and it is intended that this shall extend to Working Group members.

7.2.10. *Appointment of Presiding Member*

An Elected Member is to be appointed as the Presiding Member (Chair) of each Committee.

The Presiding Member (Chair) of a Working Group need not be a Council member.

7.2.11. *Convening a meeting and preparing agenda*

Notice of a meeting is to be issued by the City support staff by email to all Committee or Working Group members, such notice to include the time, date and location of the relevant meeting.

City support staff are to ensure that at least half of the elected members can be in attendance before confirming the meeting with the external members.

City support staff are to call for agenda items not less than one week prior to a meeting, to be approved by the Presiding Member for listing. Members are to provide appropriate details of an item for discussion, including general business items.

City support staff will prepare agendas and provide these to all Committee members by no later than 72 hours prior to the relevant meeting where possible.

7.2.12. *Quorum*

Pursuant to section 5.19 of the *Local Government Act*, the quorum for a meeting of a Committee is at least 50% of the number of officers (whether vacant or not) of member of the Committee. The same applies to Working Groups.

A Committee or Working Group can still meet even if quorum cannot be met, but decisions cannot be made without quorum.

An elected member can attend a meeting even if they are not a member of that Committee, as a non-voting and non-participating observer.

7.2.13. *Conducting meetings and recording minutes*

Unless otherwise directed in writing by the Presiding Member not less than 24 hours prior to a relevant meeting, meetings can be held in person, by telephone or by video conference.

The Standing Orders Local Law 2013 applies to all Committee meeting. Although the provisions of the Standing Orders do not apply to Working Groups, Working Group meetings shall be conducted with an appropriate degree of formality, including utilising record keeping practices such as the preparation of an agenda and minutes, and orderly conduct of members at all times. The Presiding Member (Chair) of a Working Group shall have discretion and may at any time ask any person behaving in a disorderly way to leave the meeting.

Disclosure of financial or other interests by Committee or Working Group members are to be recorded in the minutes.

All members appointed to a Committee or Working Group have one vote and are entitled to appoint a proxy to vote on their behalf if they are unable to attend a Committee or Working Group meeting (that proxy is a non-participating observer only).

Records of all Committee and Working Group decisions and actions required must be recorded in the Committee or Working Group minutes.

Minutes are to be prepared and referred to the Presiding Member of the Committee or Working Group for approval before being distributed to Committee or Working Group members, and must be distributed within seven days of the meeting being held.

Minutes of the last Committee or Working Group meeting are to be formally accepted at the next meeting with a copy signed by the Presiding Member being provided to the City support

team for record keeping purposes in accordance with the applicable record management policies and procedures.

7.2.14. *Disbanding a Committee or Working Group*

Council may determine at any time that a Committee or Working Group is no longer required and is to be disbanded.

A record is to be kept of all disbanded Committees and Working Groups.

7.2.15. *Dissolving Committees and Working Groups*

After local government election, which occur in October every two years, all Committees and Working Groups are to be dissolved.

Representation on external committees may remain unless there is a change in Elected Member. New appointments will require a council resolution.

No meetings are to be scheduled or held while Council Committees are dissolved.

At the November Ordinary Council Meeting after an election, Elected Members are to be appointed to Committees by Council Resolution.

Named external representatives are to be (re)appointed by Council resolution after Committees and Working Groups are re-established.

7.2.16. *Role of Elected Members appointed to external committees*

Elected members who are appointed to external committees representatives of the City must:

- Attend meetings or advise the proxy to attend in the elected member's absence if a proxy has been designated
- Provide the committee/group with guidance on City policies and activities;
- Liaise regularly with co-ordinators of the committee/group so as to be fully informed of its current activities, aims and objectives;
- Liaise regularly with nominated support staff at the City;
- Report to elected members at Council meetings on the activities of the committee/group if requested;
- Provide minutes and agendas of the meetings in accordance with the City's record management practices.

7.3. REPORTING REQUIREMENTS

Committees must report to Council following a Committee meeting.

Working Groups make recommendations to the CEO and administrative staff, who in turn will detail those recommendations and comments within formal reports to Council or a Committee on a particular issue or topic, as and when required.

7.4. ROLES AND RESPONSIBILITIES

The CEO is responsible for administering this Committee and Working Group policy.

7.5. RELEVANT LEGISLATION AND POLICIES

Local Government Act 1995 (WA)

Local Government (Administration) Regulations 1996

Standing Orders Local Law 2013

Code of Conduct for Council Members, Committee Members and Candidates

Local Government (Model Code of Conduct) Regulations 2021

8. AUDIT AND RISK COMMITTEE

Adoption of terms of reference

These terms of reference were adopted by Council resolution dated 27 September 2022 and replaces all previous terms of reference relating to the Audit and Risk Committee.

Purpose

The objective of the Audit and Risk Committee is to provide independent assurance and assistance to the City of Kalgoorlie-Boulder ("the City") in relation to systems of risk management and internal control, legislative compliance, financial management and external and internal audit. The Audit and Risk Committee is not responsible for the management of these functions.

Roles and Functions

External Audit

1. Provide guidance and assistance to Council as to the carrying out of the functions of the City in relation to audits.
2. Meet with the auditor at least once a year and report to Council on the matters discussed and outcome of those discussions.
3. Liaise with the CEO to ensure that the City does everything in its power to assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995.
4. Ensure that audits are conducted successfully and expeditiously.
5. Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - a. Report to Council if any matters raised require action to be taken by the City; and
 - b. Ensure that appropriate action is taken in respect of those matters.
6. Review the report prepared by the CEO addressing any matters identified as significant by the auditor in the audit report, and stating what actions the City has taken or intends to take with respect to each of those matters.
7. Review the scope of the audit plan and program and its effectiveness.
8. Review the annual Compliance Audit Return and report to the Council the results of that review.

Internal Audit

1. Consider the CEO's review of the appropriateness and effectiveness of the financial management systems and procedures not less than once in every three years and report to Council the results of that review as per regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.
2. Consider the implications of findings on the City, its risks and controls from special internal audit assignments undertaken by internal audit at the request of Council or CEO.

3. Recommend to Council the person or persons to be appointed as internal auditor.
4. Review the level of resources allocated to internal audit and the scope of its authority.
5. Review reports of internal audits, monitor the implementation; of recommendations made by the audit and review the extent to which Council and management reacts to matters raised.
6. Facilitate liaison between the internal and external auditor to promote capability, to the extent appropriate, between their audit programs.

Annual Financial Report

1. Review the City's draft annual financial report, focusing on:
 - a. Accounting policies and practices;
 - b. Changes to accounting policies and practices;
 - c. The process used in making significant accounting estimates;
 - d. Significant adjustments to the financial report (if any) arising from the audit process;
 - e. Compliance with accounting standards and other reporting requirements; and
 - f. Significant variances from prior years.
2. 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.

Risk Management, fraud and internal control

1. Consider the CEO's review of the appropriateness and effectiveness of the City's systems and procedures in regard to risk management, internal control and legislative compliance not less than once in every three years and report to Council the results of that review as per regulation 17 of the Local Government (Audit) Regulations 1996.
2. Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of business and financial risks, including fraud.
3. Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
4. Review the impact of the risk management framework on its control environment and insurance arrangements.
5. Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.
6. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by the CEO or Council.
7. Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated.

8. Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with.
9. Review whether appropriate policies and procedures are in place for the management and exercise of delegations.
10. Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

Other

1. Address issues brought to the attention of the Audit and Risk Committee, including responding to requests from Council for advice that are within the parameters of the Audit and Risk Committee's Terms of Reference.
2. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Audit and Risk Committee's Terms of Reference following authorisation from the Council.
3. The Audit and Risk Committee will ensure the Terms of Reference complies with relevant legislation and will propose amendments when necessary to ensure that it accurately reflects the committee's current role and responsibilities.
4. The Audit and Risk Committee will review the Terms of Reference once a year and more frequently if required. Any substantive changes to the Terms of Reference will be recommended by the Audit and Risk Committee and formally approved by Council.

Delegation Powers

1. The Audit and Risk Committee has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. The Audit and Risk Committee is a formally appointed committee of Council and is responsible to that body.
3. The Audit and Risk Committee does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer has legislative responsibility.

Membership

1. The Audit and Risk Committee shall be comprised of:
 - at least six elected members; and
 - not more than two independent external members.
2. The City will ensure appropriate support is provided to the Audit and Risk Committee.
3. Appointments to the Audit and Risk Committee will be until the next ordinary local government election day.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act.

Meetings

1. The Audit and Risk Committee must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the Local Government Act.
2. A schedule of meetings will be developed and agreed to by the Audit and Risk Committee.
3. The Audit and Risk Committee shall report to Council by way of its minutes and any recommendations it may make.
4. The meetings of the Audit and Risk Committee are closed to members of the public.
5. The Audit and Risk Committee will meet at least four times per year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion.
6. The need for any additional meetings will be decided by the Chairperson of the Audit and Risk Committee, or the CEO, though other Committee members may take requests to the Chairperson for additional meetings. A forward meetings plan, including meeting dates and agenda items, will be agreed by the Audit and Risk Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in these Terms of Reference.

Evaluation of Audit and Risk Committee's effectiveness

At the meeting of the Audit and Risk Committee prior to the ordinary Council elections, the Committee shall undertake a review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively and as per the requirements of the Local Government Act?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership and make recommendations to Council on any required changes.

9. COMMERCIAL BUSINESSES COMMITTEE

Adoption of terms of reference

These terms of reference were adopted by Council resolution dated 27 September 2022 and replaces all previous terms of reference relating to the Commercial Businesses Committee.

Purpose

The objective of the Commercial Businesses Committee is to review the operational highlights, strategic opportunities and financial performance for each of the four commercial businesses of the City of Kalgoorlie-Boulder (City):

- Kalgoorlie Airport;
- Kalgoorlie Boulder Golf Course;
- Goldfields Oasis; and
- Goldfields Art Centre.

Roles and Functions

The duties and responsibilities of the Commercial Businesses Committee will be:

- The formation and conduct of the Commercial Businesses Committee shall be in accordance with the requirements of the Local Government Act 1995 and any other statutory requirements.
- The Commercial Businesses Committee is an Advisory Committee and as such, all advice and actions that require significant commitment of City employee resources shall be presented as recommendations to Council for consideration.
- The Council may adopt, amend, reject or refer back to the Commercial Businesses Committee any recommendations arising from the Committee's deliberations.
- The Commercial Businesses Committee will be provided with Commercial Business Reports on a quarterly basis for the following periods:
 - Quarter 1: 1 July to 30 September
 - Quarter 2: 1 October to 31 December
 - Quarter 3: 1 January to 31 March
 - Quarter 4: 1 April to 30 June.
- The Commercial Business Reports will be prepared for each of the City's commercial businesses being:
 - Kalgoorlie Airport
 - Kalgoorlie Golf Course
 - Goldfields Oasis
 - Goldfields Art Centre
- As a minimum each of the commercial business reports will include:
 - Operational Highlights – including details of significant marketing events or activities undertaken during the reporting period.

- Strategic Opportunities – including details of any upcoming strategic projects or significant capital investments.
- Financial Performance – including a profit and loss statement, income and expenditure by nature and type and capital expenditure statement.

Authority and Delegation Powers

The Commercial Businesses Committee is to report to Council and provide advice and recommendations on matters relevant to its Terms of Reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the City that have not been delegated to the CEO.

The Commercial Businesses Committee is an advisory committee to Council in accordance with the provisions of the section 5.8 of the Local Government Act 1995.

The Commercial Businesses 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 Commercial Businesses Committee does not have any management functions and cannot involve itself in management processes or procedures.

Membership

- The Commercial Businesses Committee shall comprise of at least six members being Elected Members of Council.
- Council, by Absolute Majority, shall appoint the Commercial Businesses Committee members for a two year term at the first full council meeting following biennial council elections. Appointments to the Commercial Businesses Committee will be until the next ordinary local government election day.
- The Commercial Businesses Committee shall elect a Presiding Member and a Deputy Presiding Member from amongst themselves in accordance with section 5.12 of the Local Government Act 1995.
- The City will ensure appropriate support is provided to the Commercial Businesses Committee.

Meetings

1. The Commercial Businesses Committee will meet quarterly to consider to the previous quarter commercial businesses reports.
2. The need for any additional meetings will be decided by the Commercial Businesses Committee, or the CEO.
3. The CEO, Deputy Chief Executive Officer or appointed officer will prepare agendas and minutes on behalf of the Commercial Businesses Committee.
4. The Agenda and the Minutes of the previous meeting shall be circulated to all Commercial Businesses Committee members not later than 72 hours before each meeting (where practicable).

5. Minutes from each meeting containing the reports and recommendations of the Commercial Businesses Committee shall be presented to the next Ordinary Meeting of Council.
6. A schedule of meetings will be developed and agreed to by the Commercial Businesses Committee.
7. The Commercial Business Committee shall report to Council by way of its minutes and any recommendations it may make.
8. The meetings of the Commercial Businesses Committee are closed to members of the public.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act 1995. Meetings can be held in person, by telephone or by video conference.

Evaluation of Commercial Businesses Committee's effectiveness

At the meeting of the Commercial Businesses Committee prior to the ordinary Council elections, the Commercial Businesses Committee shall undertake review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively and as per the requirements of the Local Government Act?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership.

10. WALK OF FAME WORKING GROUP**Adoption of terms of reference**

These terms of reference were adopted by Council resolution dated 27 September 2022 and replaces all previous terms of reference relating to the Walk of Fame Working Group.

Purpose

The purpose of Walk of Fame Working Group is to make recommendations to the Council regarding individuals who are worthy of being recognised in the Walk of Fame.

Roles and Functions

The role of the Walk of Fame Working Group is to:

1. Consider matters affecting the Kalgoorlie-Boulder Walk of Fame; and
2. Recognise worthy individuals past and present who have contributed significantly and positively to the City of Kalgoorlie-Boulder by acting as a selection panel for the Walk of Fame; and
3. Make any other relevant recommendations relating to the Walk of Fame.

Delegation Powers

1. The Walk of Fame Working Group has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. The Walk of Fame Working Group is a formally appointed committee of Council and is responsible to that body. The Walk of Fame Working Group does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer has legislative responsibility.

Membership

1. The Working Group shall be comprised of:
 - four elected members;
 - one representative from the Eastern Goldfields Historical Society;
 - one representative from the Chamber of Minerals and Energy; and
 - one representative from the Kalgoorlie-Boulder Chamber of Commerce and Industry.
2. The City will ensure appropriate support is provided to the Working Group.
3. Appointments to the Working Group will be until the next ordinary local government election day.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act 1995 and the same shall apply to this Working Group.

Meetings

1. The Walk of Fame Working Group must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the Local Government Act 1995.
2. A schedule of meetings will be developed and agreed to by the Working Group.
3. The meetings of the Walk of Fame Working Group are closed to members of the public.

Evaluation of Walk of Fame Working Group's effectiveness

At the meeting of the Walk of Fame Working Group prior to the ordinary Council elections, the Walk of Fame Working Group shall undertake review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership.

11. BOULDER TOURISM PRECINCT STRATEGY WORKING GROUP**Adoption of terms of reference**

These terms of reference were adopted by Council resolution dated 27 September 2022 and replaces all previous terms of reference relating to the Boulder Tourism Precinct Strategy Working Group.

Purpose

The purpose of the Boulder Tourist Precinct Strategy Working Group is to make recommendations to Council regarding the development of the tourism precinct in Boulder.

Roles and Functions

Pursuant to Council resolution dated 28 June 2021, the Boulder Tourism Precinct Strategy Working Group shall be responsible for:

1. Oversight and management of the study being conducted into the potential relocation of Hannans North Tourist Mine and the future of the Loopline Park;
2. The optimal use of Boulder town Hall and other Council assets;
3. Positioning and promotion of Boulder as a Tourism Precinct; and
4. Investigations and recommendations of required capital improvements in the precinct.

5. Delegation Powers

1. The Boulder Tourism Precinct Strategy Working Group has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. The Boulder Tourism Precinct Strategy Working Group is a formally appointed committee of Council and is responsible to that body. The Boulder Tourism Precinct Strategy Working Group does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer has legislative responsibility.

Membership

1. The membership of the Boulder Tourism Precinct Strategy Working Group shall be comprised of:
 - not more than six elected members;
 - CEO;
 - not more than five independent members.
2. The City will ensure appropriate support is provided to the Boulder Tourism Precinct Strategy Working Group.
3. Appointments to the Boulder Tourism Precinct Strategy Working Group will be until the next ordinary local government election day.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act and the same applies to this Working Group.

Meetings

- The Boulder Tourism Precinct Strategy Working Group must elect a presiding member and deputy presiding member in the manner set out in section 5.12 and Schedule 2.3 of the Act.
- A schedule of meetings will be developed and agreed to by the Boulder Tourism Precinct Strategy Working Group.
- The meetings of the Boulder Tourism Precinct Strategy Working Group are closed to members of the public.

Evaluation of Boulder Tourism Precinct Strategy Working Group's effectiveness

At the meeting of the Boulder Tourism Precinct Strategy Working Group prior to the ordinary Council elections, the Boulder Tourism Precinct Strategy Working Group shall undertake review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership.

12. CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE**Adoption of terms of reference**

These terms of reference were adopted by Council resolution dated 22 August 2022.

Purpose

In line with the Local Government Act 1995 (the Act), and the Standards for Chief Executive Officer Recruitment, Performance and Termination (the Standards), the purpose of the Chief Executive Officer Performance Review Committee (the Committee) is to:

1. Undertake the review of the Chief Executive Officers (CEO) Performance in accordance with Regulation 17 of Schedule 2, Division 3 of the Local Government (Administration) Regulations 1996, the Standards and the contract of employment of the CEO;
2. Establish any additional performance criteria, with agreement from the CEO, in line with Regulation 16 of Schedule 2, Division 3 of the Local Government (Administration) Regulations 1996; and
3. Undertake duties as required by the Council relating to the role of CEO.

Roles and Functions

The role of the Committee is to:

1. Assist the Council in the engagement and oversight of a consultant to assist the committee and Council in conducting the CEO performance review in line with the process adopted by Council;
2. Conduct with the CEO, elected members and the consultant, the performance review process and provide a recommendation to Council on the result of the performance review;
3. Establish any additional performance criteria, with the agreement of CEO, for recommendation to Council arising from the performance review process;
4. Make any other relevant recommendations relating to the CEO's employment.

Delegation Powers

1. This Committee has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. 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 Chief Executive Officer (CEO) has legislative responsibility.

Membership

1. The Committee shall be comprised of three elected members which should include the Mayor. There shall be two deputy members.
2. The City will ensure appropriate support is provided to the Committee.
3. Appointments to the Committee will be until the next ordinary local government election day.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act 1995.

Meetings

1. The Committee must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the Local Government Act.
2. A schedule of meetings will be developed and agreed to by the Committee that align with the adopted CEO performance review process being completed by 30 June each year.
3. The Committee shall report to Council by way of its minutes and any recommendations it may make.

13. GOVERNANCE AND POLICY COMMITTEE**Adoption of terms of reference**

These terms of reference were adopted by Council resolution dated 27 September 2022.

Membership

1. The Governance and Policy Committee shall be comprised of five elected members.
2. The City will ensure appropriate support is provided to the Governance and Policy Committee.
3. Appointments to the Governance and Policy Committee will be until the next ordinary local government election day.

Delegation Powers

1. The Governance and Policy Committee has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. The Governance and Policy Committee is a formally appointed committee of Council and is responsible to that body. The Governance and Policy Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility.

Purpose

In accordance with the Local Government Act 1995, the purpose of the Governance and Policy Committee is to:

1. Support Council in fulfilling its responsibility under section 2.7(2)(b) of the Local Government Act in reviewing the existing policies of the City of Kalgoorlie-Boulder and facilitate the development of new policies for consideration by Council on an ongoing basis;
2. Support Council by determining a Governance Framework for the operations of the City of Kalgoorlie-Boulder and reviewing that on an ongoing basis;
3. Assist Council in carrying out its legislative functions in the making, amending, revoking and reviewing of local laws under Part 3, Division 2 of the Local Government Act.

Roles and Functions

The role of the Governance and Policy Committee is to provide guidance and assistance to Council in fulfilling its legislative responsibilities in relation to the following key areas:

1. Recommend to Council a workplan for policy and local law review and development;
2. Reviewing and developing policies and local laws in accordance with the endorsed workplan and making recommendations to Council as a result of those reviews at the next available Ordinary Council Meeting;
3. Assisting Council in such other matters as the Council may refer to the Governance and Policy Committee.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act 1995.

Meetings

1. The Governance and Policy Committee must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the Local Government Act;
2. A schedule of meetings will be developed and agreed to by the Governance and Policy Committee; and
3. The Governance and Policy Committee shall report to Council by way of its minutes and any recommendations it may make.

Evaluation of Governance and Policy Committee's effectiveness

At the meeting of the Governance and Policy Committee prior to the ordinary Council elections, the Governance and Policy Committee shall undertake review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively and as per the requirements of the Local Government Act?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership

14. HISTORIC HANNAN STREET PRECINCT WORKING GROUP**Constitution of Working Group and adoption of terms of reference**

The Historic Hannan Street Working Group was formed by resolution of Council during the ordinary meeting held on 28 June 2021 but was not formed as a Council Committee pursuant to 5.8 of the *Local Government Act*.

These terms of reference were adopted by Council resolution on 27 September 2022 and replace all previous terms of reference relating to the Historic Hannan Street Working Group.

Membership

1. The Historic Hannan Street Working Group shall be comprised of:
 - five elected members; and
 - CEO.
2. The City will ensure appropriate support is provided to the Historic Hannan Street Working Group.
3. Appointments to the Historic Hannan Street Working Group will be until the next ordinary local government election day.

Purpose

1. Define an Historic Hannan Street Precinct covering the entire length of the street between Goldfields Hwy and Lane Street;
2. Engage a suitable qualified liaison, advisory and development consultancy or consultancies to assist Council in defining a Hannan Street Master Plan to:
 - a. Understand the Asset Management requirements of public and private properties within the precinct over the next 50 years;
 - b. Review building development options within the precinct;
 - c. Determine an appropriate tenancy mix within the precinct;
 - d. Attract and retain new businesses to the precinct; and
 - e. Develop a unified heritage approach to obtain State and Federal government support and funding;
3. Appoint up to four Councillors to work with the CEO and his appointed staff to develop an appropriate brief for the consultancy;
4. Consider providing \$200,000 in the 21/22 budget for the purpose of engaging the consultancy or consultancies, such funds to be provided from the Future Capital Projects Reserve; and
5. Investigate the introduction of a differential rate for all properties within the precinct from year two onward to assist with the recovery of costs from this project.

Roles and Functions

1. The members of the Historic Hannan Street Working Group shall work with the CEO and his appointed staff to develop an appropriate brief for the consultancy.

2. Assist Council in such other matters as the Council may refer to the Historic Hannan Street Working Group.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act and the same applies to this Working Group.

Meetings

1. The Historic Hannan Street Working Group must elect a presiding member and deputy presiding member in the same manner as applies to Committees, in the manner set out in section 5.12 and Schedule 2.3 of the Local Government Act.
2. A schedule of meetings will be developed and agreed to by the Historic Hannan Street Working Group.
3. The meetings of the Historic Hannan Street Working Group are closed to members of the public.

Evaluation of Historic Hannan Street Working Group's effectiveness

At the meeting of the Historic Hannan Street Working Group prior to the ordinary Council elections, the Historic Hannan Street Working Group shall undertake review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership.

15. YOUTH COUNCIL**Adoption of terms of reference**

These terms of reference were adopted by Council resolution dated 27 September 2022.

Purpose

The purpose of the Youth Council is to:

1. Be the voice of the young people of the City of Kalgoorlie-Boulder;
2. Be the means of communication between the young people and the Council;

Roles and Functions

The role of the Youth Council is to:

1. To review and work on projects referred by Council as related to young people;
2. To report to the Council on matters that affect young people and suggest ideas to address those matters;
3. To provide advice to the State Government through the Minister for Youth and the Office of Youth Affairs via the City of Kalgoorlie-Boulder; and
4. To organise events, activities and programs for the young people of Kalgoorlie-Boulder that support diversity and encourage participation and leadership.

Delegation Powers

1. The Youth Council has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. The Youth Council is responsible to the Council. The Youth Council does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer has legislative responsibility.

Membership

1. The Youth Council shall be comprised of:
 - one elected member and one deputy;
 - up to 20 youth councillors aged 12 – 25 years who must live, work or attend school and/or sport in Kalgoorlie-Boulder; and
 - up to give Youth Council mentors.
2. The City will ensure appropriate support is provided to the Youth Council through the Youth Coordinator.
3. Appointments of elected members to the Youth Council will be until the next ordinary local government election day.
4. Nomination to be a youth councillor involves submitting an expression of interest to the City of Kalgoorlie-Boulder. Recommendations will then be made to the Youth Council who will make a decision on whether or not to accept the nomination.

5. A youth councillor can resign at any time by providing written notice to the Youth Council or the Youth Mayor who will inform the Youth Council at its next meeting.
6. Youth Council mentors assist the Youth Councillors to run a committee in accordance with the Local Government Act and provide guidance and leadership to the Youth Council.
7. Youth Council members will be appointed for two years, with appointments made in October in line with local government ordinary elections. A candidate must nominate by completing a nomination form and presenting a speech to the Youth Council who will determine the application.
8. A Youth Councillor or Youth Mentor's membership of the Youth Council may cease in the event that:
 - A person fails to attend three consecutive meetings without providing an apology;
 - A person fails to attend a minimum of 75% of scheduled meetings in the term of appointment;
 - A person speaks or behaves in a way that is discriminatory or offensive towards fellow members, guest speakers or the general public when representing the Youth Council.

Roles

Role of the Youth Council Mayor

The role of the Youth Council Mayor is to:

- Preside at the Youth Council meetings in accordance with the *Local Government Act*;
- Provide leadership and guidance to the Youth Councillors and young people in the community;
- Carry out official duties on behalf of the Youth Council;
- Speak on behalf of the Youth Council;
- Liaise with City officers on the Youth Council's affairs and the performance of its functions.

Role of the Youth Council Deputy Mayor

The role of the Youth Council Deputy Mayor is to:

- Support the Youth Council Mayor in performing their duties;
- Perform the duties of the Youth Council Mayor if the Youth Council Mayor is absent or resigns before the end of their term.

Role of Youth Councillors

The role of the Youth Councillors is to:

- Represent the interest of all young people in the community;
- Provide leadership and guidance to the community;
- Facilitate communication between the youth community and the Council;
- Participate in the Youth Council's decision-making process at meetings; and

- Be involved with community organisations and events.

Quorum

The quorum for a Youth Council meeting is 50% of Youth Council members + one. A meeting will be cancelled if quorum is not present and if a matter to be determined in a cancelled Youth Council meeting is urgent, it will be included for Council consideration and determination.

Meetings

1. The Youth Council must elect a Youth Council Mayor and Youth Council Deputy Mayor. Appointments are for one year and elections are held every year in October.
2. Any Youth Councillor may nominate for Youth Council Mayor or Youth Council Deputy Mayor and must give a speech stating their strengths and capabilities to hold the position.
3. A schedule of meetings will be developed and agreed to by the Youth Council.
4. The Youth Council shall report to Council by way of its minutes and any recommendations it may make which shall be prepared by City of Kalgoorlie-Boulder administrative staff.

Other matters

1. The Youth Coordinator will oversee the Youth Council and be present at all formal and informal meetings of the Youth Council as well as at events and civic occasions. If not available, a team leader will attend in place of the Youth Coordinator.
2. The Youth Council shall be provided an operational budget allocation (to cover the cost of projects and sundry items including administration) by Council at the commencement of each financial year in line with the adoption by Council of its annual budget.
3. Youth Councillors will be required to attend meetings and other special events. A register of attendance is kept by the Youth Coordinator.
4. Youth Councillors will receive a uniform that must be worn for all civic events, activities and meetings. Youth Councillors must always dress to standards appropriate to the membership and representation of the Youth Council.
5. Upon resignation, Youth Councillors must return their badge to the Youth Coordinator.
6. The Youth Mayor is the official spokesperson for the Youth Council and must have obtained approval from the City of Kalgoorlie-Boulder Public Relations Coordinator in order to speak directly to the media.



Government of **Western Australia**
Department of **Local Government and Communities**

Local Government Operational Guidelines

Number 09 – Revised September 2013

Audit in Local Government

The appointment, function
and responsibilities of
Audit Committees

1. Introduction

The *Local Government Act 1995* (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

The purpose of this guideline is to assist local governments to establish and operate an effective audit committee. Clear and comprehensive terms of reference, setting out the committee's roles and responsibilities, are essential and a model terms of reference for an audit committee is provided with this guideline. Matters such as the governing legislation, membership, primary roles and responsibilities of the committee and ancillary functions are also addressed. Guidance is provided to the committee as it approaches its task of appointing an external auditor through provision of a minimum standard audit specification and as it forms an opinion of the local government's internal audit requirements.

2. Audit Requirements, Committees and Functions

The relevant parts of the Act and regulations that relate to audit requirements, audit committees and their functions are listed below.

Financial Management

In relation to financial management under Part 6 of the Act, a local government is to –

- a) prepare and adopt an annual budget in the form and manner prescribed (section 6.2). A copy of the budget is to be sent to the Department within 30 days of adoption.
- b) prepare an annual financial report and such other financial reports as prescribed. The accounts of the local government and annual financial report are to be submitted to the auditor for audit by 30 September (section 6.4).
- c) have a municipal fund and a separate and distinct trust fund (section 6.6).
- d) establish and maintain reserve funds for the holding of monies set aside for future use (section 6.11).

Audit Requirements for Local Governments

Part 7 of the Act and the *Local Government (Audit) Regulations 1996* (the Regulations) address the situation of audit. In relation to the duties of the local government with respect to audits –

- a) the local government is to do everything in its power to –
 - i. assist the auditor to conduct an audit and carry out his or her other duties under the Act; and

- ii. ensure that audits are conducted successfully and expeditiously;
- b) a local government is to meet with its auditor at least once in every year;
- c) a local government is to examine the report of the auditor and is to –
 - i. determine if any matters raised require action to be taken by the local government; and
 - ii. ensure that appropriate action is taken in respect of those matters;
- d) a local government is to –
 - i. prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and
 - ii. forward a copy of that report to the Minister by the end of the next financial year, or six months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.

Establishment of the Audit Committee

The Act and Regulations provide that:

In relation to the establishment of an audit committee –

- a) each local government is to establish an audit committee consisting of three or more persons to exercise the powers and discharge the duties conferred on it;
- b) members of the committee are to be appointed by an absolute majority decision of Council. At least three of the members, and the majority of the members, are to be elected members;
- c) the Chief Executive Officer (CEO) is not to be a member of the committee and may not nominate a person to be a member or have a person to represent him or her as a member of the committee;
- d) an employee is not to be a member of the committee;

- e) the only powers and duties that can be delegated to a committee are any of the powers and duties of the local government under Part 7 of the Act; that is, those relating to audit. The committee cannot on-delegate the powers and duties delegated to it;
- f) an audit committee with a member who is a person that is not an elected member can be delegated powers and duties referred to in (e); and
- g) a decision of the committee is to be made by simple majority.

Audit Committee Functions

The Regulations state that an audit committee –

- (a) is to provide guidance and assistance to the local government –
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act;
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor;
- (b) may provide guidance and assistance to the local government as to –
 - (i) matters to be audited;
 - (ii) the scope of audits;
 - (iii) its functions under Part 6 of the Act;
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management;
- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –
 - (i) report to the council the results of that review;
 - (ii) give a copy of the CEO's report to the council;

- (d) review the annual Compliance Audit Return and report to the council the results of that review, and
- (e) consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance and report to the council the results of those reviews.

3. Operation of Audit Committees

Role and Responsibilities

The role of the audit committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

The audit committee should critically examine the audit and management reports provided by the external auditor. The committee would then determine if matters raised in the reports require action to be taken by the local government and ensure that appropriate action is implemented.

A further role for the audit committee would be to receive and authorise the report relating to the audit prepared by the CEO that is to be sent to the Minister.

This report would outline any actions the local government has taken or intends to take in relation to the matters identified by the auditor.

While a formal internal audit function could be considered to be an operational function and therefore the responsibility of the CEO, it is desirable for an internal auditor to have a direct line of communication to the Audit Committee.

The Audit Committee needs to form an opinion of the local government's internal audit requirements and recommend a course of action that ensures that any internal audit processes adopted are appropriate, accountable and transparent. The role of the external auditor in this regard can be established at the time of appointment.

Please note that an audit committee (or any other committee) cannot be given a management task where the Act and Regulations make the CEO specifically responsible. Where the local government is assigned the function through the legislation, the audit committee may have a role unless the function has been delegated to the CEO by the Council.

The deliberations and recommendations of the committee must be independent and autonomous. Therefore, the Act prohibits the CEO being a member of the committee. However, it is essential that the CEO be given every opportunity to provide his/her expert advice to the committee as he/she does with full Council and other committees.

A model terms of reference is attached as Appendix 1 to assist local governments to define an appropriate role for its audit committee. When considering the model, local governments need to remember it is a guide and they can delete or modify any matters they believe not applicable.

It is important to note that the legislation gives the audit committee a specific role in appointing the auditor. It is to recommend to the Council who should be appointed as the auditor. Attached as Appendix 2 is a model 'Minimum Standard Audit Specification' that local governments can use when developing a process to be used to select and appoint a person to be the auditor.

Local governments can amend the document to suit their individual requirements. Any scope adopted must meet, as a minimum, the legislative requirements, as outlined in the Act and the Regulations.

The legislation specifies that a local government is required to meet with its auditor at least once in every year. The term "local government" in this context means the Council. If Council so resolved via a formal delegation, a meeting between the audit committee and the auditor would satisfy this requirement.

It is acknowledged that the requirement to meet at least once per year may incur a significant financial burden for the more remote local governments. In such circumstances the meeting can be conducted by telephone or video conference. The Council or audit committee should resolve how the meeting with the auditor will be conducted and for the record of the meeting to show that the auditor was involved and the matters discussed. It would be inappropriate for Council representatives to meet with the auditor in their offices unless they were members of the Audit Committee or a significant majority of the members are present.

The committee may need to liaise regularly with the external auditor to discuss the audit plan, results of the audit and implementation of any recommendations for action emerging from the audit. How communication and liaison between auditor and committee is to occur should be addressed in the agreement of appointment.

Advice from the auditor may address issues such as –

- (i) an assessment of accounting procedures;
- (ii) an assessment of internal controls;
- (iii) an assessment of risk;
- (iv) compliance with the Act and associated regulations;
- (v) compliance with Council policies;
- (vi) performance assessments on the efficiency and effectiveness of operations;
- (vii) processes of the internal audit;
- (viii) outcomes of the external audit prior to issue of management and audit reports; and
- (ix) changes to accounting standards and legislation and the impact on the local government.

Membership

The Act requires that an audit committee is to consist of a minimum of 3 members and in that situation all must be council members. Where a committee consists of more than 3 members then a majority of those members must be council members. Local governments may decide to appoint a committee involving only elected members or they may appoint one or more persons who are external to the Council. If a Council considers it appropriate, the whole Council can be appointed to the audit committee.

If the local government wishes to appoint one or more persons other than elected members to the committee, which is recommended, it should ensure that they have the requisite knowledge and skills to provide benefit to the committee.

Operation of the Committee

Irrespective of the membership of the committee, all legislative requirements relating to committee meetings such as advertising meeting dates, notice of meeting and keeping minutes of meetings need to be complied with.

The legislation prevents a meeting fee being paid to an external person but it is permissible for a payment to be made as a reimbursement of expenses, commensurate with the expertise and knowledge such people bring to the committee. The Council will need to determine whether payment will be offered and the level of that reimbursement payment.

Members of the committee should be encouraged to attend appropriate courses to keep them up to date with legislation, accounting and other relevant issues.

Other Responsibilities

Local governments are required by legislation to complete a statutory compliance return (Compliance Audit Return or CAR) annually and have the return adopted by Council. The return is a checklist of a local government's compliance with the requirements of the Act and its Regulations, concentrating on areas of compliance considered "high risk."

The Audit Committee is to review the annual CAR and report to the Council the results of that review, prior to adoption of the return by Council. After adoption, the return is to be signed by the Mayor or President and the CEO prior to it being forwarded to the Department.

The Audit Committee is to consider the CEO's biennial reviews (see Regulation 17.) of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance and report to the council the results of those reviews.

Attached as Appendix 3 is information to assist in determining what falls within the terms 'risk management,' 'internal control' and 'legislative compliance.'

The audit committee could also consider proposals from the CEO as to whether the compliance audit, and the biennial reviews of risk management, internal control and legislative compliance, are undertaken internally or an external party is contracted to undertake the task. In the case of an external party the audit committee would have responsibility to receive the review report from the CEO and make recommendations on it to full Council.

4. The External Audit

Appointment of the Auditor

The Act and Regulations provide that –

- a) on the recommendation of the audit committee a local government is to from time to time appoint, by absolute majority, a person to be its auditor;
- b) the local government may appoint one or more persons as its auditor;
- c) the local government's auditor is to be a person who is –
 - a. a registered company auditor; or
 - b. an auditor approved by the Minister;
- d) a person may not be appointed as a local government auditor if that person is –
 - a. a councillor or employee of the local government;
 - b. in debt to the local government for more than \$5,000;
 - c. a councillor or employee of a regional local government in which the local government is a participant;
 - d. a member of an incorporated association formed by the local government; or
 - e. a class of persons as prescribed in the Regulations;
- e) an auditor is not to be appointed for more than five years; and
- f) the appointment of a person as an auditor is to be made by agreement in writing and is to include –
 - i. the objectives of the audit;
 - ii. the scope of the audit;
 - iii. a plan for the audit;
 - iv. details of the remuneration and expenses to be paid to the auditor; and
 - v. the method to be used by the local government to communicate with, and supply information to, the auditor.

The committee should undertake a proper selection and appointment process as part of appointing, or reappointing an auditor. If reappointment is being considered, the process should include the review of key issues as in i. to v. above.

It is important to realise that the Act specifies that it is a named person(s) that is appointed as auditor, not the company, or 'the partners' of the company which employs the person. Therefore, when the audit report is received it must be signed by the person(s) appointed as the auditor; it cannot be the generic signature identifying the firm.

Conduct of the Audit

The Act and Regulations provide that –

- a) the auditor is required by 31 December next following the financial year to which the audit relates, to examine the accounts and annual financial report submitted for audit;
- b) the auditor is to form an opinion as to whether –
 - i. the accounts are properly kept; and
 - ii. the annual financial report –
 - is prepared in accordance with the financial records; and
 - represents fairly the results of the operations of the local government and its financial position at 30 June;
- c) the auditor is to prepare a report on the audit and within 30 days of completing the audit forward a copy to –
 - i. the mayor or president;
 - ii. the CEO of the local government; and
 - iii. the Minister;

- d) the report is to give the auditor's opinion on –
 - i. the financial position of the local government; and
 - ii. the results of the operation of the local government;
- e) the report is to include –
 - i. any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
 - ii. any matters indicating non-compliance with financial management requirements of the Act, Regulations and any other written law;
 - iii. details of whether information and explanations were obtained;
 - iv. a report on the conduct of the audit; and
 - v. the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions;
- f) where it is considered appropriate to do so the auditor is to prepare a management report to accompany the auditor's report;
- g) where the auditor considers that –
 - i. there is any error or deficiency in an account or financial report;
 - ii. any money paid from, or due to the local government has been, or may have been misapplied; or
 - iii. there is a matter arising from the audit that needs to be addressed by the local government; details are to be included in the report to the Minister; and

- h) the auditor has a right of access at all reasonable times to such books, accounts, documents and assets of the local government as are in the opinion of the auditor necessary to allow the audit to be conducted.

Scope of the Audit

The Act and Regulations prescribe the scope of the external audit of the annual financial statements of a local government.

The scope details are going to vary between local governments but as an aid a model minimum standard audit specification is attached as Appendix 2 to this guideline. Individual local governments can amend that document to suit their particular needs.

Reporting by the Auditor

Regulations require the auditor, where appropriate, to prepare a management report to accompany the auditor's report. Although there is no legislative requirement for the auditor to prepare a management report unless he or she deems it appropriate, local government may wish to require the auditor to prepare a report on all issues identified during the audit.

The auditor, after completing the audit, is to forward a copy of his or her audit and management report to –

- the Mayor or President;
- the CEO of the local government; and
- the Minister via the Department.

It is the CEO's responsibility to ensure that the external audit report is provided to the audit committee. In considering the audit and management reports presented to the audit committee, the CEO should:

- a) examine any critical matters raised in the reports that affect the financial position of the local government; and
- b) provide comment on any critical matters raised and action proposed to be taken to address those matters.

Once Council has addressed matters raised, or accepted the CEO's planned remedial action on matters raised in the audit and management reports, the CEO should provide feedback to the Department on those matters.

Appendix 1

Model Terms of Reference – Audit Committees

Important: The following Model Terms of Reference contains clauses that may not be applicable to each local government. Local governments will need to consider each clause and only adopt those that are applicable to the roles and responsibilities and delegated powers and functions that will apply to their audit committee.

The clauses that may be considered optional have been asterisked (*).

Objectives of Audit Committees

The primary objective of the audit 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;
- *the coordination of the internal audit function with the external audit; and
- the provision of an effective means of communication between the external auditor, *internal auditor, the CEO and the Council.

Powers of the Audit Committee

The Audit 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 members with three elected and *one external person. All members shall have full voting rights.

*External persons appointed to the

committee will have business or financial management/reporting knowledge and experience, and be conversant with financial and other reporting requirements.

*Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum term of two years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives.

*Reimbursement of approved expenses will be paid to each external person who is a member of the committee.

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.

Meetings

The committee shall meet at least *quarterly.

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.

*The committee shall report annually to the Council summarising its activities during the previous financial year.

Duties and Responsibilities

The duties and responsibilities of the committee will be –

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits;
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor;
- c) Develop and recommend to Council –
 - a list of those matters to be audited; and
 - the scope of the audit to be undertaken;
- d) Recommend to Council the person or persons to be appointed as auditor;
- e) Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include –
 - the objectives of the audit;
 - the scope of the audit;
 - a plan of the audit;
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the local government to communicate with, and supply information to, the auditor;
- f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- g) Liaise with the CEO to ensure that the local government does everything in its power to –
 - assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously;
- h) Examine the reports of the auditor after receiving a report from the CEO on the matters to –
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters;
- i) 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;
- j) Review the scope of the audit plan and program and its effectiveness;
- k) *Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO (see reference to internal audit page 14);
- l) *Review the level of resources allocated to internal audit and the scope of its authority;
- m) *Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;
- n) *Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;
- o) *Review the local government's draft annual financial report, focusing on –
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;

- compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years;
- p) *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;
- q) *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;
- r) 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;
- s) Review the annual Compliance Audit Return and report to the council the results of that review, and
- t) Consider the CEO's biennial 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.

Internal Audit

Many local governments have recognised the need to improve their internal auditing processes, and have moved to either employ an internal auditor or contract out the internal audit function.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an

organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of an internal audit would be determined by the Audit committee, with input from the CEO, based on the size of the local government's internal operations and the level of compliance to be achieved. The role differs from that of the external auditor who is appointed by council on the recommendation of the Audit Committee, to report independently to it, through the mayor/president and the CEO, on the annual financial statements. The external auditor's primary role is to decide whether the annual financial statements of a local government are free of material misstatement.

There are certain functions of the internal audit that complement the external auditor's role. As the external auditor plans for an effective audit they need to assess and determine whether to include the scope, procedures and outcomes of the internal audit. The CEO must refer all internal audit reports to the Audit Committee for consideration.

An internal auditor's activities should typically include the following:

- (a) review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements;
- (b) a risk assessment with the intention of minimising exposure to all forms of risk on the local government;
- (c) examination of financial and operating information that includes detailed testing of transactions, balances and procedures;

- (d) a review of the efficiency and effectiveness of operations and services including non-financial controls of a local government;
- (e) a review of compliance with management policies and directives and any other internal requirements;
- (f) review of the annual Compliance Audit Return;
- (g) assist in the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance; and
- (h) specific tasks requested by management.

For local government, the internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility provided always that the delegation does not directly or indirectly interfere with the ability of the Internal Auditor to conduct an internal audit function free from interference.

A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.

While it is recognised that smaller councils may not be able to justify a

full-time internal auditor, a small size of operation does not justify forgoing internal audit altogether. If audit committee or management is of the view that the employment of an independent internal auditor either full-time or part-time is not warranted, it may request the council to have the internal audit function undertaken as necessary by an external contractor, or expand the role of its external auditor.

The external auditor or his or her professional company should only undertake internal audit functions that complement the external audit and do not cloud the objectivity and independence of the external audit. An external auditor must not audit information prepared by them or their accounting practice, as this is considered incompatible with the standard of independence.

Local governments that do not establish an internal audit process but require a review of the financial management systems and procedures, may decide to use the services of the external auditor for that purpose. Such reviews are to be undertaken every four years in accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

The review of financial management systems and procedures provides the external auditor with greater assurance of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement.

Appendix 2

Model Minimum Standard Audit Specification

Important: The following Model Minimum Standard Audit Specification may be used as the basis for the calling of tenders or seeking of quotes for the appointment of an auditor. Local governments need to consider the Model to ensure that only those clauses applicable to its requirements are used. This applies, in particular, to the "Critical matters to be audited".

Introduction

This document is provided for the assistance of auditors who wish to apply for the role of auditor with the City/Town/Shire.

Auditors are required to address all of the matters outlined in the specification.

Auditors who submit an application may be asked to provide further information and/or make a presentation to the audit committee.

Objectives of the Audit

To provide an independent audit opinion of the accounts and annual financial reports of the local government for each financial year covered by the term of the audit appointment.

Term of Audit Appointment

For the financial years commencing 1 July through to 30 June..... (not more than 5 years)

Scope of the Audit

The auditor is to –

Carry out such work as is necessary to form an opinion as to whether –

- (a) the accounts are properly kept; and
- (b) the annual financial report –
 - (i) is prepared in accordance with the financial records; and
 - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards, the *Local Government Act 1995* (as amended) (the Act), the *Local Government (Financial Management) Regulations 1996* (as amended) and other mandatory professional reporting requirements.

Give an opinion in his or her audit report on –

- (a) the financial position of the local government; and
- (b) the results of the operation of the local government.

Include in his or her audit report –

- (a) any material matters that indicate significant adverse trends in the financial position or the financial management practices of the local government;
- (b) any matters indicating non-compliance with financial management or control requirements of the Act, Regulations and any other written law;
- (c) details of whether information and explanations were obtained by the auditor;

- (d) a report on the conduct of the audit; and
- (e) the opinion of the auditor as to whether or not the specific financial ratios reported are supported by verifiable information and reasonable assumptions.

Audit Methodology and Approach

Other requirements of the Auditor –

- (a) The auditor is required to comply with the requirements of section 7.9 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*;
- (b) An audit is to be carried out in accordance with accounting standards adopted from time to time by the Australian Government Auditing and Assurance Standards Board (AuASB);
- (c) The auditor is to provide the local government with a general outline of his/her methodology;
- (d) The auditor is to provide the local government with a plan for the audit including –
 - timing of interim audit visits;
 - final audit visit (within 30 days of being advised that the accounts and annual financial report are available for audit);
 - timing of the legislative requirement to meet with the local government and whether that meeting will be in person or by some other means;
 - the method to be used to communicate with, and provide advice and information to, the local government; and
- (e) The auditor is required to produce an audit report as required by section 7.9 of the *Local Government Act 1995* and, if considered appropriate by the auditor, a management report.

Critical Matters to be Audited

The auditor is to include in his or her application the extent to which the critical matters outlined below will be audited so as to form an opinion on the manner in which they have been maintained.

- (i) Revenue
 - Rates revenue
 - Government grants
 - User pays revenue
 - Profit on sale of non-current assets
 - Other income
- (ii) Expenditure
 - Salary and wage costs
 - Depreciation
 - Materials and contract expenditure
 - Loss on sale of non-current assets
 - Insurances
 - Bad debts
 - Other expenditure
- (iii) Current Assets
 - Bank and short term investments
 - Receivables and prepayments
 - Inventory
- (iv) Non-Current Assets
 - Property, plant, furniture and equipment
 - Infrastructure and depreciation
 - Other receivables
- (v) Liabilities (Current and non-current)
 - Creditors and accruals
 - Loan borrowings including new loans raised
 - Provision for annual and long service leave entitlements
- (vi) Reserve Funds
- (vii) Contingent Liabilities
- (viii) Capital Commitments
- (ix) Accounting Policies and Notes to the Financial Statements
- (x) Cash Flow Statement
- (xi) The financial ratios required by the *Local Government (Financial Management) Regulations 1996*

Hours, Fees and Expenditure

The auditor is to provide –

- estimate of the time to be spent on the audit;
- fees for completing the audit in accordance with this specification;
- nominated auditor(s) and registered company audit number(s); and
- experience of the nominated auditors in completing local government audits.

The auditor is to provide a fee for any additional audit requested by Council.

Terms

Conditions to be noted by auditors –

- the auditor shall not sub contract to a third party;
- the auditor shall not, and has no right to, assign the audit contract to third parties;
- the auditor shall not be engaged by the local government to undertake any financial consultancy with the local government that requires the preparation of financial information that will be the subject of the annual audit; and
- the auditor shall confirm that he or she has, and will maintain during the duration of the audit term, professional indemnity insurance covering the legal liability arising out of any neglect, default, error, or omission.

Termination of Appointment

The appointment as auditor is terminated if –

- (a) the auditor ceases to be a registered company auditor;
- (b) the auditor ceases to be an approved auditor under Section 7.5 of the *Local Government Act 1995*;
- (c) the auditor is a disqualified person under Section 7.4(2) of the *Local Government Act 1995*;
- (d) the auditor resigns by notice in writing to Council; or
- (e) Council serves notice in writing to the auditor terminating the appointment.

Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

Please note: Section 7 of the Department's Western Australian Local Government Accounting Manual provides a comprehensive internal control framework related to internal control and risk management.

Risk Management

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:

- Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered;
- Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time;
- Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas;
 - potential non-compliance with legislation, regulations and standards and local government's policies;
 - important accounting judgements or estimates that prove to be wrong;
 - litigation and claims;
 - misconduct, fraud and theft;
 - significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government;
- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;
- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;
- Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;
- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;
- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;
- Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment;
- Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated,

monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

Internal Control

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.

An effective and transparent internal control environment is built on the following key areas:

- integrity and ethics;
- policies and delegated authority;
- levels of responsibilities and authorities;
- audit practices;
- information system access and security;
- management operating style; and
- human resource management and practices.

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

Aspects of an effective control framework will include:

- delegation of authority;
- documented policies and procedures;
- trained and qualified employees;
- system controls;
- effective policy and process review;
- regular internal audits;
- documentation of risk identification and assessment; and

- regular liaison with auditor and legal advisors.

The following are examples of controls that are typically reviewed:

- separation of roles and functions, processing and authorisation;
- control of approval of documents, letters and financial records;
- comparison of internal data with other or external sources of information;
- limit of direct physical access to assets and records;
- control of computer applications and information system standards;
- limit access to make changes in data files and systems;
- regular maintenance and review of financial control accounts and trial balances;
- comparison and analysis of financial results with budgeted amounts;
- the arithmetical accuracy and content of records;
- report, review and approval of financial payments and reconciliations; and
- comparison of the result of physical cash and inventory counts with accounting records.

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

- Monitoring compliance with legislation and regulations;
- Reviewing the annual Compliance Audit Return and reporting to Council the results of that review;
- Staying informed about how management is monitoring the

effectiveness of its compliance and making recommendations for change as necessary;

- Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;
- Obtaining assurance that adverse trends are identified and review management's plans to deal with these;
- Reviewing management disclosures in financial reports of the effect of significant compliance issues;
- Reviewing whether the internal and/or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee;
- Considering the internal auditor's role in assessing compliance and ethics risks in their plan;
- Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements; and
- Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest.

These guidelines are also available on the Department's website at www.dlgc.wa.gov.au



About the Guideline series

This document and others in the series are intended as a guide to good practice and should not be taken as a compliance requirement. The content is based on Department officer knowledge, understanding, observation of, and appropriate consultation on contemporary good practice in local government. Guidelines may also involve the Department's views on the intent and interpretation of relevant legislation.

All guidelines are subject to review, amendment and re-publishing as required. Therefore, comments on any aspect of the guideline are welcome. Advice of methods of improvement in the area of the guideline topic that can be reported to other local governments will be especially beneficial.

For more information about this and other guidelines, contact the Local Government Regulation and Support Branch at:

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8. AUDIT AND RISK COMMITTEE

Adoption of terms of reference

These terms of reference were adopted by Council resolution dated 27 September 2022 and replaces all previous terms of reference relating to the Audit and Risk Committee.

Purpose

The objective of the Audit and Risk Committee is to provide independent assurance and assistance to the City of Kalgoorlie-Boulder ("the City") in relation to systems of risk management and internal control, legislative compliance, financial management and external and internal audit. The Audit and Risk Committee is not responsible for the management of these functions.

Roles and Functions

External Audit

1. Provide guidance and assistance to Council as to the carrying out of the functions of the City in relation to audits.
2. Meet with the auditor at least once a year and report to Council on the matters discussed and outcome of those discussions.
3. Liaise with the CEO to ensure that the City does everything in its power to assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995.
4. Ensure that audits are conducted successfully and expeditiously.
5. Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - a. Report to Council if any matters raised require action to be taken by the City; and
 - b. Ensure that appropriate action is taken in respect of those matters.
6. Review the report prepared by the CEO addressing any matters identified as significant by the auditor in the audit report, and stating what actions the City has taken or intends to take with respect to each of those matters.
7. Review the scope of the audit plan and program and its effectiveness.
8. Review the annual Compliance Audit Return and report to the Council the results of that review.

Internal Audit

1. Consider the CEO's review of the appropriateness and effectiveness of the financial management systems and procedures not less than once in every three years and report to Council the results of that review as per regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

2. Consider the implications of findings on the City, its risks and controls from special internal audit assignments undertaken by internal audit at the request of Council or CEO.
3. Recommend to Council the person or persons to be appointed as internal auditor.
4. Review the level of resources allocated to internal audit and the scope of its authority.
5. Review reports of internal audits, monitor the implementation; of recommendations made by the audit and review the extent to which Council and management reacts to matters raised.
6. Facilitate liaison between the internal and external auditor to promote capability, to the extent appropriate, between their audit programs.

Annual Financial Report

1. Review the City's draft annual financial report, focusing on:
 - a. Accounting policies and practices;
 - b. Changes to accounting policies and practices;
 - c. The process used in making significant accounting estimates;
 - d. Significant adjustments to the financial report (if any) arising from the audit process;
 - e. Compliance with accounting standards and other reporting requirements; and
 - f. Significant variances from prior years.
2. 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.

Risk Management, fraud and internal control

1. Consider the CEO's review of the appropriateness and effectiveness of the City's systems and procedures in regard to risk management, internal control and legislative compliance not less than once in every three years and report to Council the results of that review as per regulation 17 of the Local Government (Audit) Regulations 1996.
2. Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of business and financial risks, including fraud.
3. Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
4. Review the impact of the risk management framework on its control environment and insurance arrangements.
5. Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.
6. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by the CEO or Council.

7. Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated.
8. Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with.
9. Review whether appropriate policies and procedures are in place for the management and exercise of delegations.
10. Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

Other

1. Address issues brought to the attention of the Audit and Risk Committee, including responding to requests from Council for advice that are within the parameters of the Audit and Risk Committee's Terms of Reference.
2. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Audit and Risk Committee's Terms of Reference following authorisation from the Council.
3. The Audit and Risk Committee will ensure the Terms of Reference complies with relevant legislation and will propose amendments when necessary to ensure that it accurately reflects the committee's current role and responsibilities.
4. The Audit and Risk Committee will review the Terms of Reference once a year and more frequently if required. Any substantive changes to the Terms of Reference will be recommended by the Audit and Risk Committee and formally approved by Council.

Delegation Powers

1. The Audit and Risk Committee has no delegated authority and no authority to implement its recommendations without resolution of Council.
2. The Audit and Risk Committee is a formally appointed committee of Council and is responsible to that body.
3. The Audit and Risk Committee does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer has legislative responsibility.

Membership

1. The Audit and Risk Committee shall be comprised of:
 - at least six elected members; and
 - not more than two independent external members.
2. The City will ensure appropriate support is provided to the Audit and Risk Committee.
3. Appointments to the Audit and Risk Committee will be until the next ordinary local government election day.

Quorum

The quorum for a committee meeting is set by section 5.19 of the Local Government Act.

Meetings

1. The Audit and Risk Committee must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the Local Government Act.
2. A schedule of meetings will be developed and agreed to by the Audit and Risk Committee.
3. The Audit and Risk Committee shall report to Council by way of its minutes and any recommendations it may make.
4. The meetings of the Audit and Risk Committee are closed to members of the public.
5. The Audit and Risk Committee will meet at least four times per year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion.
6. The need for any additional meetings will be decided by the Chairperson of the Audit and Risk Committee, or the CEO, though other Committee members may take requests to the Chairperson for additional meetings. A forward meetings plan, including meeting dates and agenda items, will be agreed by the Audit and Risk Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in these Terms of Reference.

Evaluation of Audit and Risk Committee's effectiveness

At the meeting of the Audit and Risk Committee prior to the ordinary Council elections, the Committee shall undertake a review to evaluate its effectiveness, and as a guide the following should be determined:

1. Are its purpose and role and functions being met?
2. Should the purpose and role and functions be amended?
3. Is it functioning effectively and as per the requirements of the Local Government Act?
4. Are its members regularly attending meetings?
5. Review the Terms of Reference, including membership and make recommendations to Council on any required changes.