10. AUDIT, RISK AND IMPROVEMENT COMMITTEE

Adoption of terms of reference

These terms of reference were adopted by Council resolution dated 27 March 2023 and subsequently on 20 November 2023 and replaces all previous terms of reference relating to the Audit, Risk and Improvement Committee ("ARIC"). The last update was made by Council on 27 October 2025.

Purpose

The objective of the ARIC 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. ARIC 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 ARIC, including responding to requests from Council for advice that are within the parameters of the ARIC's Terms of Reference.

2. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the ARIC's Terms of Reference following authorisation from the Council.

3. The ARIC 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 ARIC 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 ARIC and formally approved by Council.

Delegation Powers

1. The ARIC has no delegated authority and no authority to implement its recommendations without resolution of Council.

2. The ARIC is a formally appointed committee of Council and is responsible to that body.

3. The ARIC 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:

    - Between 3 – 4 elected members; and
    - not more than two independent external members.

2. All other Elected Members are appointed as Deputy Members and are able to step in if a member is unavailable to attend a meeting.

3. The City will ensure appropriate support is provided to the ARIC.

4. Appointments to the Audit and Risk Committee will be until the next ordinary local government election day.

5. In accordance with section 5.12 of the Local Government Act 1995, the ARIC shall appoint a member as presiding member at the first meeting following 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 ARIC shall report to Council by way of its minutes and any recommendations it may make.

4. The meetings of the ARIC are closed to members of the public.

5. The ARIC 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 ARIC, 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 ARIC each year. The forward meeting plan will cover all Committee responsibilities as detailed in these Terms of Reference.

Evaluation of ARIC's effectiveness

At the meeting of the ARIC 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.

DOCUMENT CONTROL				
Responsible Department	Governance and Office of the CEO.			
Description of Changes				
Version	Resolution Number	Endorsement Date:	Last Reviewed Date:	Next Review Date:
1	15.1.1	27 September 2022	August 2022	August 2023
2	14.1.4	27 March 2023	February 2023	February 2024
3	14.1.5	19 May 2025	March 2025	August 2025
4	15.2.2	27 October 2025	August 2025	March 2026