Greater Geraldton

Audit, Risk and Improvement Committee

Terms of Reference

2026

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1 Establishment and Objectives of the Audit, Risk and Improvement Committee

1.1 Establishment

a. The Audit, Risk and Improvement Committee (ARIC) is a formally established committee in accordance with section 7.1A of the *Local Government Act 1995* (the Act). ARIC is formed and its members are appointed by absolute majority decision and are responsible to the Council.

b. The ARIC will operate in accordance with all relevant provisions of the Act, the *Local Government (Administration) Regulations 1996* and the *Local Government (Audit) Regulations 1996*.

1.2 Objectives

a. The ARIC's key objectives are to assist Council in overseeing financial and performance reporting; internal control systems; risk management frameworks; compliance with laws, regulations, and ethical standards; internal and external audit functions, and improvements. It is not responsible for management of these functions.

b. The ARIC accepts responsibility for the annual external audit and liaises with the Office of the Auditor General (OAG) so that Council can be satisfied with the performance of the City in managing its financial affairs.

2 Powers of ARIC

2.1 Nature of Authority

a. Advisory: The ARIC is a formally appointed advisory committee of Council. It does not have executive powers, management functions, or delegated financial authority. The ARIC cannot involve itself in the City's operational management, processes or procedures.

b. No Delegated Authority: The ARIC cannot implement actions or make decisions on behalf of Council or the CEO. It may note reports and recommend actions for Council consideration.

2.2 Scope of Influence

a. Reporting: The ARIC provides guidance, advice, and recommendations to Council on matters within its Terms of Reference to support informed decision-making.

b. Oversight support: It assists Council in fulfilling its legislative functions that have not been delegated to the CEO, particularly in areas such as audit, risk, compliance, and governance.

2.3 Permitted Actions

a. Information Access: May request information from officials or external parties, subject to legal constraints.

b. Engagement with Auditors: Can meet with internal and external auditors and review audit plans and outcomes.

c. Professional Advice: May request the CEO to obtain legal or professional advice, subject to Council approval.

d. Meeting Participation: Can request attendance of elected members at ARIC meetings.

e. Administrative Support: Receives administrative support from the Manager Corporate Compliance but remains independent from the administration.

3   Membership

The ARIC comprises of five (5) members, namely: one independent member to be appointed as Presiding Member; and four Council Members which, in accordance with good practice, should include the Mayor and Deputy Mayor. A Deputy of the Presiding Member will also be appointed and would only attend a meeting in lieu of absence and unavailability of the Presiding Member. Therefore, the maximum number of members attending a meeting would be (5) five.

3.1   Council Members

Council Members are appointed to the ARIC by Council by absolute majority in accordance with section 5.10 and 7.1A of the Act.

3.2   Independent members

A Presiding Member and Deputy of the Presiding Member must be appointed to the ARIC. The appointments are independent persons and are not a Council Member of the City or of any other local government, nor an employee of the City.

Independent members must be appointed by absolute majority of Council.

Independent members should demonstrate expertise in any or all of the following:

a.   Internal and external audit;
b.   Risk management;
c.   Financial management and reporting;
d.   Governance and legislative compliance;
e.   Information and Systems Technology;
f.   Audit Committee practices, and
g.   Understanding the complexities of the City within a regional context.

3.2.1   Presiding Member and Deputy of the Presiding Member

The Presiding Member and Deputy of the Presiding Member are responsible for providing leadership and facilitating the ARIC's objectives. The Presiding Member and Deputy of the Presiding Member ensure appropriate conduct is observed and promote full participation and open debate for effective recommendations to be made to Council.

3.3   Role of Members

Members of the ARIC are expected to uphold the highest standards of integrity, professionalism, and accountability in the discharge of their duties. Their responsibilities include:

a.   Understanding the legal and regulatory obligations of the Council and its function.
b.   Understanding the governance arrangements that support the achievement of the City's strategic objectives.
c.   Awareness of contemporary issues affecting the local government sector.
d.   Acting honestly, objectively, and in good faith.
e.   Exercising due care, diligence, and skill in all ARIC activities.
f.   Adhering to the City's Code of Conduct and maintaining high ethical standards.
g.   Demonstrating behaviours that reflect the desired culture of the local government.
h.   Avoiding any activity that may compromise the integrity or impartiality of ARIC.

i. Refraining from publicly commenting on ARIC matters unless authorised by Council.
j. Actively participating in meetings and deliberations.
k. Using information provided to the Committee solely for its intended purpose.
l. Completing the Audit Committee member induction (Annexure 1).

3.4   Role of CEO and City employees

The CEO and City employees are not members of the Committee; therefore, they do not have voting rights.

The CEO or a nominee of the CEO is to be available to attend meetings to provide advice and guidance to the ARIC.

The CEO, Director Corporate Services, Chief Financial Officer and Manager Corporate Compliance are to receive a standing invite to all ARIC meetings. Other directors and/or employees dependent on subject matter may be invited to attend.

3.5   Tenure

All ARIC member appointments are for a term of up to two years, in accordance with Section 5.11 of the *Local Government Act 1995*. Terms conclude on the day of the Ordinary Council elections, after which members are eligible for reappointment.

Council may terminate a member's appointment before the end of their term if:

a. The Presiding Member determines the member is not contributing positively.
b. The member breaches the City's Code of Conduct or commits a serious contravention of the Act.
c. The member's conduct, actions, or comments bring the City into disrepute.

3.6   Code of Conduct – Conflict of Interest and Confidentiality

All Committee members are subject to the same rules concerning confidentiality, public statements and conflict of interest as member of Council pursuant to *Council Policy 4.2 Code of Conduct for Council Members, Committee Members and Candidates*.

Other persons appointed to Council committees are to be provided with a Welcome Pack, attaching the relevant Policies, Meeting Procedures and Regulations to be followed when attending Council committee meetings.

Other persons will be required to agree to the terms of appointment to the committee as a member at their first meeting.

The Presiding Member is to refer to the relevant Policies, Meeting Procedures and Regulations when chairing a meeting.

Members must disclose any actual, potential or perceived conflicts of interest in accordance with the Act and clause 22 of the *Council Policy 4.2 Code of Conduct for Council Members, Committee Members and Candidates*. Conflicts of interest and related actions are to be recorded in the minutes, and to be read out at the beginning of the meeting and referenced again immediately before any matter to which the disclosure relates is discussed.

3.7   Entitlement, Allowance and Expenses

The Presiding Member and Deputy of the Presiding Member will be entitled to the maximum meeting attendance fee for a Band 1 local government as determined by the Salaries and Allowances Tribunal in accordance with Council Policy 4.12.

ARIC members may be provided with training, to be determined by Council, as appropriate. Reimbursement of approved expenses will be paid in accordance with the City's policies and subject to prior approval and budget.

4   Meetings

4.1   Frequency

The ARIC shall meet up to four times annually. Additional meetings shall be convened at the discretion of the Presiding Member.

4.2   Quorum

As prescribed in section 5.19 of the Act, the quorum shall be at least 50% of the number of members, whether vacant or not, of the ARIC.

The office held by the Council Member must be disregarded for the purpose of determining the quorum for the meeting at that time if the meeting is held during a period for which the Council Member is entitled to parental leave under section 2.25(5B).

4.3   Attendance

Meeting attendances and absences are to be recorded and monitored. Where regular non-attendance is noted, the Presiding Member may raise this with the ARIC member.

The CEO may invite staff, auditors and other relevant persons to attend meetings as observers and to provide pertinent information, as necessary.

Request to attend a committee meeting by electronic means is to be approved by the Mayor – Regulation 14C of the *Local Government (Administration) Regulations 1996*.

   a.   Regulation 14C(3) provides that a member may attend up to 50% of meetings by electronic means in a 12-month period.

4.4   Conducting Meetings

The *City of Greater Geraldton Meeting Procedures Local Law 2011* as amended, is to be used by the Presiding Member as a tool for the conduct of the meeting.

Motions are to be moved and seconded, as per Parts 9.1 and 9.2 of Meeting Procedures Local Law 2011, before any debate can commence.

Pursuant to section 5.23 of the Local Government Act, ARIC meetings are open to members of the public. Despite this, if confidential items are to be dealt with at the meeting, the committee must close the meeting to members of the public to the extent necessary to ensure that the matter is dealt with confidentially. Matters to be dealt with confidentially are prescribed under section 5.23.

For the avoidance of doubt, there is no question time for members of the public to be allocated at ARIC meetings.

4.5 Voting

Voting is in accordance with Section 5.21 of the Act. Section 7.1C states that decisions made by an ARIC, including to make a recommendation to Council, are to be made by simple majority.

If the votes of members present at an ARIC meeting are equally divided, the person presiding is to cast a second vote.

4.6 Agenda and Minutes

Support staff are to ensure an agenda is distributed at least 72 hours prior to the meeting (not including the day of the meeting), along with reports and other attachments or information to be addressed at the ARIC meeting.

Per regulation 14 of the *Local Government (Administration) Regulations 1996*, agendas and attachments are to be available for public inspection and published on the City's website from the time they were made available to members of the ARIC.

Minutes are to be prepared and referred to the Presiding Member for approval before being distributed to ARIC members.

Per regulation 13 of the *Local Government (Administration) Regulations 1996*, unconfirmed minutes must be published within seven (7) days of the meeting on the City's website.

Minutes are to be formally accepted at the next ARIC meeting, per section 5.22 of the Act, with a copy signed by the Presiding Member provided to Information Management for recordkeeping.

5 Reporting

5.1 Reports and Recommendations

There are two types of reports presented to the ARIC:

a. Reports for information purposes and noting; and
b. Reports requiring approval. These reports are presented to Council for final endorsement upon the ARIC's recommendation.

All recommendations of the ARIC are to be considered at the next available Ordinary Council Meeting.

5.2 Annual reporting

The ARIC shall provide an annual report to Council summarising its activities during the previous financial year. This includes a self-assessment of its performance and confirmation that all functions outlined in these terms of reference have been satisfactorily addressed.

6 Functions of the Audit, Risk and Improvement Committee

Regulation 16 of the *Local Government (Audit) Regulations 1996* defines the functions of an audit, risk and improvement committee.

An audit, risk and improvement committee has the following functions —

(a) to receive and review reports on, and recommend to the council actions to be taken in relation to-
    (i)   audits under Part 7 of the Act; and
    (ii) compliance audits; and
    (iii) reviews under regulation 17;

(b) to otherwise receive and review reports on the appropriateness and effectiveness of, and recommend to the council improvements to, the local government's systems and procedures in relation to-
    (i)   financial management; and
    (ii) legislative compliance; and
    (iii) risk management;

(c) to receive and review reports on, and recommend to the council improvements to, the implementation of any actions that the local government-
    (i)   is required to take under section 7.12A(3); and
    (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
    (iii) has otherwise decided to take in response to a report or recommendation referred to in paragraph (a) or (b); and
    (iv) has stated it has done or proposes to do in written advice prepared under section 8.6(1)(a) or 8.23(4)(a);

(d) any other function conferred on the audit, risk and improvement committee under these regulations or another written law.

6.1   Financial Reporting, Management and External Audit

The ARIC is to guide and assist the Local Government in carrying out its functions under Part 7 of the Act, and its functions relating to audits and other matters related to financial management;

   a. Meet with the auditor at least once a year on behalf of Council, in accordance with s.7.12A(2) of the Act, and provide a report to Council;
   b. Liaise with the CEO to ensure that the local government does everything in its power to –
       i. assist the auditor of the local government to conduct an audit and carry out the auditors' other duties in respect of the local government; and
       ii. ensure that audits are conducted successfully and expeditiously;
   c. Oversee the implementation of any action that the local government:
       i. is required to take by section 7.12A(3) of the Act; and
       ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4) of the Act; and
       iii. has accepted should be taken, following receipt of a report of a review conducted under *Local Government (Audit) Regulations 1996*, regulation 17(1); and
   d. Review the level of resources allocated to internal audit and the scope of its authority;
   e. 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;
   f. Review the local government's draft annual financial report, focusing on –
       i. accounting policies and practices;
       ii. changes to accounting policies and practices;
       iii. the process used in making significant accounting estimates;

      iv.   significant adjustments to the financial report (if any) arising from the audit process;

      v.   compliance with Australian Accounting Standards and other reporting requirements; and

      vi.   significant variances from prior years;

g. Consider and recommend adoption of the annual financial report to council. Review any significant changes that may arise after any such recommendation but before the annual financial report is signed;

6.2   Internal Audit

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 all processes.

The ARIC is responsible for guiding and overseeing the activities, resources and structure of the internal audit function. The ARIC's responsibilities include, but are not limited to:

a. Assessing the internal audit plan to ensure that it covers material business risks that may threaten the achievement of strategic objectives.

b. Reviewing and recommending the approval of the internal audit plan and work program.

c. Reviewing the quality, timeliness and effectiveness of internal audit reports.

d. Overseeing the resources and independence of internal audit function.

e. Considering the implications of internal audit findings on the business, its risks and controls.

f. Facilitating coordination between internal audit and other assurance functions.

g. Monitoring management's implementation of internal audit recommendations.

h. Monitoring the progress of the internal audit plan and work program.

i. Ensuring internal audit processes are transparent, accountable and effective.

The internal auditor should report functionally to the ARIC 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 local government's activities including the direction of staff and implicitly the internal audit function.

6.3   Risk Management

The ARIC provides oversight and assurance on the effectiveness of the City's risk management practices. Its key responsibilities include:

a. Overseeing the development, implementation, and periodic review of a comprehensive Risk Management Framework.

b. Ensuring alignment with Council's endorsed risk appetite and escalation protocols.

c. Recommending risk appetite statements and risk tolerance levels to Council.

d. Reviewing strategic and operational risk profiles, including emerging risks.

e. Assessing major risks related to projects, programs, and activities.

f. Identifying specific risks for detailed review and ensure regular updates to the Risk Register.

g. Ensuring controls are in place and operating effectively to mitigate risks to acceptable levels.

h. Reviewing business continuity planning and insurance arrangements, including annual insurance reviews.

i. Monitoring the effectiveness of risk mitigation strategies and compliance with legislation and policies.

j. Receiving and reviewing annual risk management reports.

k. Considering relevant audit findings and better practice publications.

l. Providing advice and recommendations to Council and the CEO on risk-related matters.

6.4   Business Continuity

The ARIC is responsible for ensuring the City has a robust and effective Business Continuity Framework. Its key functions include:

a. Assessing whether sound business continuity and disaster recovery plans are in place.

b. Ensuring these plans are periodically updated and tested for effectiveness.

c. Overseeing the regular review of the Business Continuity Framework to maintain resilience in operations.

6.5   Internal Control

The ARIC ensures the City maintains a strong and effective internal control environment. Its responsibilities include:

a. Monitoring the adequacy and effectiveness of internal control systems to mitigate key business risks.

b. Reviewing management's approach to internal controls, including relevant policies, procedures, and delegations.

c. Ensuring periodic internal reviews of major operational areas and annual compliance assessments.

d. Overseeing controls related to privacy, cyber security, fraud detection, and ethical conduct.

e. Seeking assurance from auditors and management on the completeness and reliability of financial and operational information provided to Council.

6.6   Fraud and Corruption Prevention

The ARIC oversees the City's fraud and corruption prevention measures by:

a. Participating in identifying and assessing risks related to fraud and corruption.

b. Reviewing the effectiveness of fraud control systems and processes.

c. Ensuring mechanisms are in place to detect, investigate, and respond to fraud-related information.

d. Assessing management's commitment to ethical conduct and probity.

e. Monitoring policies and procedures that support integrity and transparency in operations.

6.7   Compliance and Integrity

The ARIC supports the City's commitment to compliance and integrity by:

a. Reviewing the adequacy and effectiveness of policies, procedures, and internal controls to ensure compliance with legislation and standards.

b. Monitoring ethical conduct, probity, and the culture of integrity within the organisation.

c. Assessing whether systems are in place to detect and respond to non-compliance, fraud, and misconduct.

d. Providing assurance that the City operates transparently and in accordance with its legal and ethical obligations.

e. Reviewing Compliance Audit Return annually to ensure the City meets its obligations under the Local Government Act and associated regulations.

Examples of compliance checks:

a. Annual review of policy compliance.
b. Monitoring adherence to legislative requirements.
c. Ensuring privacy and cyber security controls are in place and effective.
d. Verifying compliance with financial reporting standards and accounting policies.
e. Reviewing workplace health and safety (WHS) obligations and practices.

6.8   Corporate Reporting

The ARIC shall:

a. Review the accuracy, completeness, and appropriateness of financial and operational reports presented to Council.
b. Ensure corporate reporting complies with the Local Government Act 1995, relevant regulations, accounting standards, and Council policies.
c. Collaborate with internal and external auditors, including the Office of the Auditor General (OAG) and contracted auditors to obtain assurance on the reliability and integrity of reporting processes.
d. Oversee the review and recommendation of the Annual Financial Report and Auditor's Report to Council, including consideration of audit findings and management responses.
e. Monitor the effectiveness of systems and controls supporting financial and corporate reporting.
f. Report findings and make recommendations to Council to support transparency, accountability, and informed decision-making.

This aligns with the City's strategic objectives by promoting good governance through transparent and accountable reporting.

6.9   Continuous Improvement

The ARIC's role in continuous improvement shall include:

a. Monitoring and advising on opportunities to improve the City's governance, risk management, internal control, and operational performance.
b. Reviewing audit findings, management responses, and progress on implementation to support continuous improvement.
c. Recommending enhancements to systems, processes, and practices that strengthen efficiency, transparency, and service delivery.
d. Promoting a culture of learning, accountability, and innovation across the organisation.
e. Reporting improvement opportunities and progress to Council to support strategic decision-making and organisational development.

Monitoring metrics may include percentage of audit recommendations implemented within target timeframes; number of processes initiated and completed; staff training and development participation rates; and performance against strategic and operational KPIs.

6.10 Other Responsibilities

a. Review asset management practices, including accounting and disposal processes, to ensure compliance and efficiency.
b. Oversee audits related to information systems and cybersecurity risks, particularly in response to findings from the Office of the Auditor General.

c. Monitor the implementation of new systems (e.g. ERP systems) and associated governance controls.
d. Support ethical leadership and informed decision-making aligned with strategic outcomes.
e. Promote ethical governance by reviewing conduct, decision-making processes, and adherence to codes of conduct.
f. Assess alignment of audit and risk activities with the City's Strategic Community Plan and Corporate Business Plan.
g. Review non-financial performance audits, including service delivery, community engagement, and strategic outcomes.

7   Annexure 1 – ARIC Member Induction Checklist

No.	Activity	Completed
A	**Authority, composition and meetings**	
1	Read and understand the ARIC Terms of Reference.	
2	Read the Committee minutes for the last year.	
B	**External reporting**	
1	Read the prior year financial report.	
2	Read and understand the City's legislative compliance requirements, as reported in the Compliance Audit Return (CAR).	
C	**External Audit**	
1	Meet with the external auditor's audit team at the entrance meeting.	
2	Read and understand the external auditor's findings and recommendations, and management's response for the last year, including any OAG performance audits.	
D	**Internal Audits**	
1	Review the City's internal audit plan.	
2	Read and understand the City's Audit Action list.	
E	**System of internal control and risk management**	
1	Read and understand the City's risk management framework, including the risk management policy and risk appetite and tolerance statements.	
F	**Compliance and Ethics**	
1	Read and understand the processes for managing complaints and public interest disclosures.	
G	**Fraud**	
1	Read and understand the City's Fraud and Corruption Control Plan and Policy.	

2	Review the most recent audit under the Fraud and Corruption Control Plan .	
H	**Related Party Transactions**	
1	Read and understand the Related Party Transaction Policy.	
I	**Governance Framework**	
1	Read and understand the organisational structure.	
2	Read and understand the City's delegation register.	
3	Read and understand the City's Councillor Induction Manual.	

Further information may be found in the Induction Manual for Council Members or by contacting the Office of the CEO.