Terms of Reference
Audit, Risk and Improvement Committee

Approved: 23 June 2026 Ordinary Council Meeting

Purpose

The Audit, Risk and Improvement Committee (Committee) assists Council with its' due care and diligence in financial reporting, applying accounting policies, and managing the financial affairs of the City of Belmont (City) as required by the *Local Government Act 1995 (WA)* and associated Regulations including an assessment of the City's management of risk.

The Committee is a formally appointed Committee of Council and is responsible to Council. The Committee does not have any delegated power from Council and cannot make decisions on behalf of Council, nor does the Committee have any executive authority in areas over which the Chief Executive Officer (CEO) has legislative responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee reports to Council and provides advice and recommendations on matters relevant to its' terms of reference to facilitate informed decision making by Council on matters that have not been delegated to the CEO.

Objective

The primary objective of the Audit, Risk and Improvement Committee is to accept responsibility for the annual external audit and meet 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.

Reports from the Committee assist Council to discharge its' legislative responsibilities of governing the City's affairs, performing the City's functions, determining the City's policies and overseeing the allocation of the City's finances and resources. The Committee assists openness in the City's financial reporting and liaises with the CEO to ensure City's financial accounting systems are effectively managed and legislatively compliant.

The Committee facilitates:

- 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

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- Compliance with laws and regulations as well as use of best practice guidelines relative to the appropriateness and effectiveness of the City's systems and procedures for risk management and internal control;
- Coordination of internal audit with the external audit; and
- Providing an effective means of communication between the external auditor, internal auditor, the CEO and Council.

Duties and Responsibilities

The duties and responsibilities of the Committee members will be to –

1. Audit Planning and Reporting

A. External Audit

a. Provide guidance and assistance to Council in carrying out the functions of the City in relation to audits;
b. Meet with the auditor twice a year and provide a report to Council on the matters discussed and outcome of those discussions;
c. Liaise with the CEO to ensure that the City does everything in its power to-
    i. Assist the auditor to conduct the audit and carry out his or her duties under the *Local Government Act 1995 (WA)*; and
d. Examine the reports of the auditor after receiving a report from the CEO on matters noted in the audit and –
    i. Determine if any matters raised require action to be taken by the City; and
    ii. Ensure that appropriate action is taken in respect of those matters;
e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the audit report and present the CEO's 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;
f. Facilitate liaison between the internal and external auditor to enable, where appropriate, compatibility between their audit programs.
g. Support the auditor as required and oversee:
    i. The implementation of audit recommendations made by the auditor, which have been accepted by Council; and
    ii. Acceptance of recommendations arising from reviews of the City's systems and procedures

B. Internal Audit

a. Review the scope and effectiveness of the three year internal audit plan and annual internal audit plan;
b. Review the appropriateness of internal audit reports completed as listed in the annual internal audit plan.
c. Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of the Council or CEO;
d. Review the level of resources allocated to internal audit and the scope of ARIC's authority;
e. Support the Senior Internal Auditor as required and oversee:
    i. The implementation of audit recommendations made by the auditor, which have been accepted by Council; and

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ii. Acceptance of recommendations arising from reviews of the City's systems and procedures

f. Review the annual Quality Assurance and Improvement Program that is completed by the Senior Internal Auditor to determine compliance with the Global Internal Audit Standards.

2. Financial Management

a. Review reports of internal audits and by monitoring the implementation of recommendations made by the audit and reviewing the extent to which Council and management respond to matters raised;
b. Review the City'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 accounting standards and other reporting requirements; and significant variances from prior years;
c. 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;
d. 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.

3. Legislative Compliance

a. 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 Council;
b. Review the annual Statutory Compliance Audit Return and make a recommendation on its' adoption by Council;
c. Review and submit to Council the CEO's reports on the results of the review of appropriateness and effectiveness of systems and procedures in relation to:
   i. Risk management;
   ii. Internal controls; and
   iii. Legislative compliance

   which are each subject to review not less than once every 3 financial years.
d. Review and submit to Council reports prepared on the results of industry comparison reports (i.e. OAG, Department of Local Government, Sport and Cultural Industries, Public Sector Commission, Corruption and Crime Commission and other enquiries).

4. Risk Management

a. At least once every year consider a report addressing the City's management of risk and satisfy itself that appropriate controls and processes are in place and adequate for dealing with the risks that impact on the City.
b. To examine and consider the transfer of risk through an annual review of Council's insurances.

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c. To address any specific requests referred to it from Council in relation to issues of risk and risk management.

Membership

1. The membership of the Committee shall comprise:
   a. an independent Presiding Member in accordance with sections 5.12(1), 7.1A(2) and (3) of the Act,
   b. an independent Deputy of the Presiding Member in accordance with sections 5.11A, 7.1B(1) and (2) of the Act,
   c. an independent Deputy Presiding Member in accordance with sections 5.12(2), 7.1A(2) and (4) of the Act,
   d. the Mayor, and
   e. an Elected Member from each of the four wards.
2. The appointment of Elected Members shall be determined by nomination and if necessary, a ballot conducted at the Special Council Meeting following the City's ordinary election;
3. The appointment of independent members shall be determined by nomination to be appointed by Council for a term of 2 years to expire immediately prior to the next City ordinary election.
4. If a vacancy on the Committee occurs for any reason, then Council shall appoint a replacement in accordance with the same arrangements as for the original appointment set out above.

Staff Attendees

The following staff will attend Committee meetings to provide technical support and advice:

- Chief Executive Officer;
- Senior Internal Auditor;
- Director Corporate and Governance;
- Manager Finance, as required;
- Manager Governance and Legal, as required;
- Coordinator Business Planning, Improvement and Risk as required; and
- Additional staff where relevant to the agenda, with Director approval.

Other Attendees

Relevant persons may be invited to attend and address or advise the Committee, within the ambit of its' scope and where necessary with the approval of the Director Corporate and Governance and the Presiding Member.

Meetings

The Committee shall have flexibility in relation to when it needs to meet, but as a minimum shall meet twice a year. It is the responsibility of the Presiding Member to call the meetings of the Committee.