

TERMS OF REFERENCE

FINANCE AND AUDIT COMMITTEE

1. OBJECTIVE

The objective of the Finance and Audit Committee (“**the Committee**”) is to provide independent assurance and assistance to the City of Kalgoorlie-Boulder (“**the City**”) on risk management, internal controls and governance. The Committee will accept responsibility for the annual external audit to ensure a financially stable local government that maximises the financial capacity and diversity of the City and demonstrates a transparent and inclusive local government.

2. AUTHORITY

The 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 Chief Executive Officer (“**CEO**”).

- The Committee is a formally appointed committee of the Council and is responsible to the Council.
- 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.

3. MEMBERSHIP

The Committee shall comprise of:

6 Voting Members

- Five members being Elected Members of Council.
- Independent Chairperson.

Non-voting Members

- Chief Executive Officer
- General Manager Finance and Corporate
- Internal Auditor
- Council may terminate the appointment of any voting member prior to the expiry of his/her term if:
 - The Chairperson considers the member is not making a positive contribution to the Committee; or
 - The member is found to be in breach of the City’s Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
 - A member’s conduct, actions or comments brings the City into disrepute.
- The CEO and employees are not voting members of the Committee.

- The CEO and his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee.
- The City shall provide secretarial and administrative support to the Committee.
- The term of membership is two years terminative on the day of the Ordinary Local Government Elections.

4. CHAIRPERSON

- The position of Chairperson shall be appointed by the Council following a call for nominations for the position.
- The Chairperson will be appointed for a period of two years in line with the terms of membership.
- The Chairperson may be reappointed.
- In addition to the Duties and Responsibilities as a Committee member, the Committee Chairperson shall:
 - Provide leadership and direction to the Committee including providing meeting structure; and
 - Ensure effective communication between the Committee, the CEO and Council.

5. REPORTING

- An agenda containing reports for the Committee to consider will be prepared by the CEO and General Manager Finance and Corporate and be presented at each Committee meeting.
- Minutes from each meeting containing the reports and recommendations of the Committee shall be presented to the next Ordinary Meeting of Council.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee will be:

External Audit

- Provide guidance and assistance to Council as to the carrying out of the functions of local government in relation to audits.
- Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor.
- Develop and recommend to council:
 - A list of those matters to be audited; and
 - The scope of the audit to be undertaken.
- Meet with the auditor at least once a year and report to Council on the matters discussed and outcome of those discussions.
- 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.

- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - 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.
- 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 six months after the last report prepared by the auditor is received, whichever is the latest in time.
- Review the scope of the audit plan and program and its effectiveness.
- Review the annual Compliance Audit Return and report to the Council the results of that review.

Internal Audit

- 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*.
- Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO.
- Review the level of resources allocated to internal audit and the scope of its authority.
- 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.
- Facilitate liaison between the internal and external auditor to promote capability, to the extent appropriate, between their audit programs.

Annual Financial Report

- 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.
- 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

- 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.
- Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
- Review the impact of the risk management framework on its control environment and insurance arrangements.

- Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

Control Framework

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors.
- Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated.
- Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with.
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations.
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

Other

- 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.
- 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.
- Consider the CEO's review of the appropriateness and effectiveness of the local government'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*.

7. ADMINISTRATIVE ARRANGEMENTS

Meetings

The 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.

The need for any additional meetings will be decided by the Chairperson of the Committee, 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 Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in these Terms of Reference.

Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members. Meetings can be held in person, by telephone or by video conference.

The Head of the Internal Audit will be invited to attend each meeting unless requested not to do so by the Chairperson of the Committee. The Committee may also request the General

Manager Finance and Corporate or any other employees to participate for certain agenda items, as well as the external auditor.

The Chief Executive Officer may attend each meeting but will permit the Committee to meet separately with each of the Head of the Internal Audit and the External Auditor in absence of management on at least one occasion per year.

Secretariat

The Governance Officer will ensure the agenda for each meeting and supporting papers are circulated to each Committee member and uploaded to the City's website not less than 72 hours before the meeting, where practicable. The Governance Officer will also ensure minutes of the meetings are prepared, maintained and uploaded to the City's website, with electronic copies circulated to all members.

Conduct

Committee members will abide by the City's Code of Conduct and *Local Government (Administration) Regulations 1996* in conjunction with the Committee meetings.