

**Audit, Risk & Compliance Committee Meeting Agenda 28 November
2023 Attachments**

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TOWN OF PORT HEDLAND
AUDIT, RISK AND COMPLIANCE COMMITTEE
TERMS OF REFERENCE

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE**VERSION 12****1. Purpose of the Terms of Reference**

The purpose of this document is to define the Terms of Reference (TOR) for the Audit, Risk and Compliance Committee (the “ARC Committee” or “Committee”).

These TOR describe the Committee's purpose, authority, membership, functions, reporting requirements and responsibilities.

2. Establishment and Appointment

The ARC Committee is a formally appointed committee of the Council for the Town of Port Hedland (the “Town”) pursuant to section 7.1A of the *Local Government Act 1995* (“the Act”).

3. Role

The ARC Committee is to provide guidance and assistance to Council concerning matters within its Terms of Reference. It assumes a key role in assisting the Town of Port Hedland (the “Town”) in fulfilling its governance and oversight obligations related to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions.

4. Objectives

The primary objective of the ARC Committee is to assume responsibility for the annual external audit and establish effective communication with the Town’s external auditor. This ensures that Council can be satisfied with the performance of the local government in managing its financial affairs.

Further objectives of the Audit, Risk and Compliance Committee are to oversee:

- 4.1 The scope of work, objectivity, performance and independence of the external auditor.
- 4.2 The integrity of internal and external financial reporting, including accounting policies.
- 4.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town’s financial and physical resources.
- 4.4 The systems or procedures that are designed to ensure that the Town comply with relevant statutory and regulatory requirements.
- 4.5 The process and systems which protect the Council against risk, fraud and irregularities.
- 4.6 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- 4.7 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

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5. Authority and Independence

The ARC Committee does not have executive powers or authority to implement actions in areas over which the administration (management) has responsibility. Furthermore, the ARC Committee does not have any delegated financial responsibility. This ensures that the Committee is able to fulfill its function as an impartial advisory body separate from the Town's management, thereby ensuring objective assessments and guidance.

Under the Town's Register of Delegated Authority – Statutory, the ARC Committee:

- 5.1 Has the authority to meet with the Town's Auditor at least once every year on behalf of the Council [s.7.12A(2) of the Act].
- 5.2 Has the authority to:
 - i. Examine an audit report received by the local government.
 - ii. determine if any matters raised by the audit report, require action to be taken by the local government; and
 - iii. Ensure that appropriate action is taken in respect of those matters.
- 5.3 Has the authority to review and endorse the Town's report on any actions taken in response to an Auditor's report, prior to it being forwarded to the Minister [s.7.12A(4) of the Act].

6. Membership

Composition

- 6.1 The ARC Committee will comprise of three Elected Members as members. All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s.5.10(1)(a) of the Act].
- 6.2 Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.5.11A(2)(a),(3) and (4) of the Act].
- 6.3 Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member is in attendance at a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.

Term

- 6.4 In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:
 - a) the term of the person's appointment as a committee member expires; or

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- b) the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or
- c) the committee is disbanded; or
- d) the next ordinary elections day

Appointment

- 6.5 The Presiding Member and Deputy Presiding Member will be appointed by the ARC Committee Members at the Committee's first meeting following an Election.

Skills and Experience

- 6.6 Collectively, the group of Committee members possess a diverse set of skills and expertise encompassing risk management, assurance, business acumen and background in related fields.
- 6.7 Members may seek advice from an external independent advisor. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:
- Accounting Standards (AASB)
 - *Local Government Act 1995*
 - Local Government experience and/or Band 1 Council
- 6.8 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Declaration of an Interest

- 6.9 ARC Committee members are required by the Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

Resignation from the Committee

- 6.10 In accordance with Part 2, Regulation 4 of the *Local Government (Administration) Regulations 1996*, A Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that ARC Committee members provide a notice period of three (3) months.

Management excluded from membership

- 6.11 The Chief Executive Officer and Employees are not members of the Committee (Section 7.1A(3)&(4) of the Act).

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Management attendance

- 6.12 The following individuals from the Town's administration will be present at ARC Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:
- Chief Executive Officer
 - Director Corporate Services
 - Manager Governance
 - Manager Financial Services
 - Audit, Risk and Insurance Advisor
 - Audit, Risk and Insurance Support Officer

7. Meetings

- 7.1 The Committee shall meet at least quarterly.
- 7.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.
- 7.3 The Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Act.
- 7.4 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.
- 7.5 All Committee members are expected to attend each meeting in person.
- 7.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).
- 7.7 The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 7.8 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, which covers the responsibilities outlined in this terms of reference.
- 7.9 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 7.10 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 7.11 Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held.
- 7.12 Voting is in accordance with Section 5.21 of the Act.

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8. Responsibilities

The Committee will fulfill the following responsibilities:

Risk Management

- 8.1 Review and suggest improvements to whether management has in place a current and fit-for-purpose risk management framework and associated procedures for effective identification and management of the Town's risks, including fraud.
- 8.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 8.3 Assess the impact of the Town's risk management framework on its control environment.
- 8.4 Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.
- 8.5 Determine whether the Town has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

Internal Control and Internal Audit

- 8.6 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 8.7 Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.
- 8.8 Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 8.9 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- 8.10 Oversee the coordination of planned activities among the four lines of defence, delineating ownership, accountabilities, resources and governance of risk management activities within the Town.

Financial Reporting

- 8.11 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent

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accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.

- 8.12 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.
- 8.13 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.
- 8.14 Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

Compliance

- 8.15 Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 8.16 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.
- 8.17 Obtain regular updates from management about compliance matters.
- 8.18 Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

External Audit

- 8.19 Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).
- 8.20 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 8.21 Provide an opportunity for the ARC Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- 8.22 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- 8.23 Monitor management's implementation of external audit recommendations.

Reporting

- 8.24 Report regularly to the Council ARC Committee activities, issues, and related recommendations through circulation of minutes.

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8.25 Monitor that open communication between the internal auditor, the external auditors, and the Town’s management occurs.

Other Responsibilities

8.26 Perform other activities related to this terms of reference as requested by the Council or through audit recommendations.

8.27 Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Audit, Risk and Compliance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

9. Definitions

Term	Definition
ARC Committee	The Audit, Risk and Compliance Committee
CEO	The Chief Executive Officer
Committee	The Audit, Risk and Compliance Committee
The Act	The <i>Local Government Act 1995</i>
The Town	The Town of Port Hedland
TOR	The Terms of Reference

10. Version Control

Version	Meeting
V1	<i>Adopted by Council at its Ordinary Meeting held 16 November 2011.</i>
V2	<i>Amended by Council at its Ordinary Meeting held 23 October 2013.</i>
V3	<i>Amended by Council at its Ordinary Meeting held on 11 December 2013.</i>
V4	<i>Amended by Council at its Ordinary Meeting held on 27 May 2015.</i>
V5	<i>Amended by Council at its Ordinary Meeting held on 28 October 2015.</i>
V6	<i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i>
V7	<i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i>
V8	<i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i>
V9	<i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i>
V10	<i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i>
V11	<i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i>
V12	<i>Amended by Council at its Ordinary Meeting held on 13 December 2023.</i>



TOWN OF PORT HEDLAND
AUDIT, RISK AND COMPLIANCE COMMITTEE
TERMS OF REFERENCE

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE**VERSION 12**

1. Purpose of the Terms of Reference

~~The purpose of this document is to define the Terms of Reference (TOR) for the Audit, Risk and Compliance Committee (the "ARC Committee" or "Committee").~~

~~These TOR describe the Committee's purpose, authority, membership, functions, reporting requirements and responsibilities. The purpose of the terms of reference is to facilitate the operation of the Audit, Risk and Compliance Committee.~~

2. ~~Introduction~~ Establishment and Appointment

~~The ARC Committee is a formally appointed committee of the Council for the Town of Port Hedland (the "Town") pursuant to section 7.1A of the *Local Government Act 1995* ("the Act"). The Audit, Risk and Compliance Committee has been established in accordance with Part 7 of the *Local Government Act 1995*.~~

3. Role

~~The ~~Audit, Risk and Compliance~~ARC Committee is an advisory committee formally appointed by the Council and is to provide guidance and assistance to Council on matters relevant to its concerning matters within its terms of reference. Terms of Reference. It assumes a key role in assisting the Town of Port Hedland (the "Town") in fulfilling its governance and oversight obligations related to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions.~~

~~The Audit, Risk and Compliance Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Compliance Committee does not have any management functions and is therefore independent of management.~~

~~The Audit, Risk and Compliance Committee will primarily focus on relevant matters relating to Audit (internal and external), Risk and Compliance.~~

~~The Audit, Risk and Compliance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditors and overseeing the external audit function, and promoting the transparency and accountability of the Town's financial management systems and reporting. The role of the Audit, Risk and Compliance Committee is to report to the Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate decision making by the Council in relation to the discharge of its responsibilities.~~

43. Objectives

~~The primary objective of the ARC Committee is to assume responsibility for the annual external audit and establish effective communication with the Town's external auditor. This ensures that~~

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~~Council can be satisfied with the performance of the local government in managing its financial affairs.~~

~~The Further~~ objectives of the Audit, Risk and Compliance Committee are to oversee:

~~4.1 The scope of work, objectivity, performance and independence of the external auditor.~~

~~34.2+~~ The integrity of internal and external financial reporting, including accounting policies.

~~3.2 The scope of work, objectivity, performance and independence of the external auditor.~~

~~43.3~~ The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.

~~43.4~~ The systems or procedures that are designed to ensure that the Town ~~and its subsidiaries~~ comply with relevant statutory and regulatory requirements.

~~3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.~~

~~43.56~~ The process and systems which protect the Council against risk, fraud and irregularities.

~~34.67~~ Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.

~~43.78~~ Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

~~The Audit, Risk and Compliance Committee must also add to the credibility of Council by promoting ethical standards through its work.~~

54. Authority and Independence

~~The ARC Committee does not have executive powers or authority to implement actions in areas over which the administration (management) has responsibility. Furthermore, the ARC Committee does not have any delegated financial responsibility. This ensures that the Committee is able to fulfill its function as an impartial advisory body separate from the Town's management, thereby ensuring objective assessments and guidance.~~

~~The Audit, Risk and Compliance Committee has the authority to~~Under the Town's Register of Delegated Authority – Statutory, the ARC Committee:

5.1 Has the authority to meet with the Town's Auditor at least once every year on behalf of the Council [s.7.12A(2) of the Act].

~~54.2+~~ ~~Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken. Has the authority to:~~
~~i. Examine an audit report received by the local government.~~

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- ii. determine if any matters raised by the audit report, require action to be taken by the local government; and
- ~~iii.~~ Ensure that appropriate action is taken in respect of those matters.

~~5.3 Has the authority to review and endorse the Town's report on any actions taken in response to an Auditor's report, prior to it being forwarded to the Minister [s.7.12A(4) of the Act].~~
~~4.2— Monitor and advise the Chief Executive Officer in reviews conducted under regulation 17(1) of the *Local Government (Audit) Regulations 1996* and regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.~~

~~4.3— Formally meet with the Town's appointed external auditor as necessary.~~

~~4.4— Seek resolution on any disagreements between management and the external auditors on financial reporting.~~

~~4.5— Advise Council on any or all of the above as deemed necessary.~~

65. Composition of Committee MembersMembershipComposition

~~56.1—~~ The ~~Audit, Risk and Compliance~~ ARC Committee will comprise of three Elected Members as members. All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s.5.10(1)(a) of the Act]. -

~~6.2 Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.5.11A(2)(a),(3) and (4) of the Act].~~

~~6.3 Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member is in attendance at a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.~~

Term

~~65.42~~ In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:~~The Council will appoint Audit, Risk and Compliance Committee members:~~

- a) the term of the person's appointment as a committee member expires; or
- b) the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or
- c) the committee is disbanded; or
- ~~a)~~ the next ordinary elections day

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12d)Appointment

~~6.5.5~~ The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance ARC Committee Members at the Committee's first meeting following after an Election.

Skills and Experience~~5.4~~

~~6.6~~ Collectively, the group of Committee members possess a diverse set of skills and expertise encompassing risk management, assurance, business acumen and background in related fields. The members, taken collectively, will have a broad range of skills and experience in accounting or related financial management, with an understanding of accounting and auditing standards in a public sector environment.

~~6.5.7~~ Members may seek advice from an external independent advisor. The independent advisor will have a Certified Practicing Accountant (CPA), Chartered Accountancy (CA) qualification or relevant discipline or experience in a similar position. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:

- Accounting Standards (AASB)
- ~~Tax Legislation~~
- Local Government Act 1995
- Local Government experience and/or Band 1 Council

~~6.8~~ New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Declaration of an Interest

~~6.9~~ ARC Committee members are required by the Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

Resignation from the Committee

~~5.6~~ As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not). ~~6.10~~ In accordance with Part 2, Regulation 4 of the Local Government (Administration) Regulations 1996, A Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation.

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~~It is recommended that ARC Committee members provide a notice period of three (3) months.~~

~~Management excluded from membership5.7—Audit, Risk and Compliance Committee members are required by the *Local Government Act* and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.~~

~~5.8—New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.~~

~~65.119 —The Chief Executive Officer and Employees are not members of the Committee (Section 7.1A(3)&(4) of the Act).-~~

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12Management attendance

6.12 The following individuals from the Town's administration will be present at ARC Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Audit, Risk and Insurance Advisor
- Audit, Risk and Insurance Support Officer

67. _____ Meetings

76.1 The Committee shall meet at least quarterly.

7.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer. Meetings may be called by the Presiding Member of the Audit, Risk and Compliance Committee, or at the request of the Mayor or Chief Executive Officer.

7.36.2 The Audit, Risk and Compliance Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the *Local Government Act 1995:Act*.

7.46.3 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.

7.56.4 All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.

7.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).

6.57.7 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Compliance Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.

7.86.6 The Audit, Risk and Compliance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, ~~that~~ which covers all the responsibilities outlined in this terms of reference.

7.96.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.

7.106.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.

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~~7.116-9~~ Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, ~~the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held. unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.~~

~~7.126-10~~ Voting is in accordance with Section 5.21 of the Act.

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 1287. _____ Responsibilities

The ~~Audit, Risk and Compliance~~ Committee will ~~carry out/fulfill~~ the following responsibilities:

7.1—Risk Management

~~7.1.18.1 _____~~ Review and suggest improvements to whether management has in place a current and ~~comprehensive-fit-for-purpose enterprise~~ risk management framework and associated procedures for effective identification and management of the Town's ~~business and financial~~ risks, including fraud.

~~8.7.1.2 _____~~ Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.

~~8.7.1.3 _____~~ Assess the impact of the Town's ~~enterprise~~ risk management framework on its control environment, ~~and insurance arrangements.~~

~~7.1.48.4~~ Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

~~7.1.58.5~~ Determine whether the Town has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

7.2—Internal Control and Internal Audit

~~7.2.18.6 _____~~ Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.

~~8.7.2.2 _____~~ Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

~~7.2.38.8 _____~~ Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.

~~8.9.7.2.4 _____~~ Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

~~7.2.58.10 _____~~ Oversee the coordination of planned activities ~~between-among~~ the ~~four~~ lines of defence, ~~which outlines the delineating~~ ownership, accountabilities, resources and governance of risk management activities within the Town.

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12Financial Reporting

~~8.11~~ ~~7.3.1~~ — Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.

~~7.3.2~~ — ~~Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.~~

~~7.3.3~~ ~~8.12~~ — Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.

~~7.3.4~~ ~~8.13~~ — ~~Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.~~

~~7.3.5~~ ~~8.14~~ — Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

~~7.4~~ Compliance

~~8.15~~ ~~7.4.1~~ — Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

~~7.4.2~~ ~~8.16~~ — ~~Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.~~

~~7.4.3~~ ~~8.17~~ — Obtain regular updates from management about compliance matters.

~~8.18~~ ~~7.4.4~~ — Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

~~7.5~~ External Audit

~~7.5.1~~ ~~8.19~~ — Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).

~~7.5.2~~ ~~8.20~~ — Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.

~~7.5.3~~ ~~8.21~~ — Provide an opportunity for the ~~Audit, Risk and Compliance~~ARC Committee to meet with the external auditors to discuss any matters that the ~~Audit, Risk and Compliance~~ Committee or the external auditors believe should be discussed privately.

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~~7.5.48.22~~ —Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.

~~8.23 7.5.5~~ —Monitor management’s implementation of external audit recommendations.

~~7.5.6~~ —Monitor the relationship between internal auditors and the Office of the Auditor General.

~~7.6~~ —Reporting ~~Responsibilities~~

~~7.6.18.24~~ —Report regularly to the Council ~~Audit, Risk and Compliance~~ARC Committee activities, issues, and related recommendations through circulation of minutes.

~~8.25 7.6.2~~ —Monitor that open communication between the internal auditor, the external auditors, and the Town’s management occurs.

~~8~~ —Other Responsibilities

~~8.18.26~~ Perform other activities related to this terms of reference as requested by the Council or through audit recommendations.

8.27 Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Audit, Risk and Compliance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

9. Definitions

<u>Term</u>	<u>Definition</u>
<u>ARC Committee</u>	<u>The Audit, Risk and Compliance Committee</u>
<u>CEO</u>	<u>The Chief Executive Officer</u>
<u>Committee</u>	<u>The Audit, Risk and Compliance Committee</u>
<u>The Act</u>	<u>The Local Government Act 1995</u>
<u>The Town</u>	<u>The Town of Port Hedland</u>
<u>TOR</u>	<u>The Terms of Reference</u>

10.9. Version Control

<u>Version</u>	<u>Meeting</u>
<u>V1</u>	<u>Adopted by Council at its Ordinary Meeting held 16 November 2011.</u>
<u>V2</u>	<u>Amended by Council at its Ordinary Meeting held 23 October 2013.</u>
<u>V3</u>	<u>Amended by Council at its Ordinary Meeting held on 11 December 2013.</u>
<u>V4</u>	<u>Amended by Council at its Ordinary Meeting held on 27 May 2015.</u>
<u>V5</u>	<u>Amended by Council at its Ordinary Meeting held on 28 October 2015.</u>

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V6	<i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i>
V7	<i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i>
V8	<i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i>
V9	<i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i>
V10	<i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i>
V11	<i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i>
V12	<i>Amended by Council at its Ordinary Meeting held on 13 December 2023.</i>

~~V1. — Adopted by Council at its Ordinary Meeting held 16 November 2011.~~

~~V2. — Amended by Council at its Ordinary Meeting held 23 October 2013.~~

~~V3. — Amended by Council at its Ordinary Meeting held on 11 December 2013.~~

~~V4. — Amended by Council at its Ordinary Meeting held on 27 May 2015.~~

~~V5. — Amended by Council at its Ordinary Meeting held on 28 October 2015.~~

~~V6. — Amended by Council at its Ordinary Meeting held on 22 June 2016.~~

~~V7. — Amended by Council at its Ordinary Meeting held on 24 May 2017.~~

~~V8. — Re Adopted by Council at its Ordinary Meeting held on 1 November 2017.~~

~~V9. — Re Adopted by Council at its Ordinary Meeting held on 19 December 2019.~~

~~V10. — Amended by Council at its Ordinary Meeting held on 23 September 2020.~~

~~V11. — Re adopted by Council at its Ordinary Meeting held on 7 September 2022.~~