Terms of Reference

Committee:	**Audit, Risk, and Improvement Committee**
Responsible Directorate:	**Corporate Strategy and Performance**
Version:	**ADOPTED**

1. INTRODUCTION

1.1. The Council of the City of Busselton has established an Audit, Risk and Improvement Committee (the Committee) pursuant to Part 7 of the *Local Government Act 1995* (the Act).

1.2. The Committee is established to fulfil the requirements of Part 6, Financial Management and Part 7, Audit of the Act.

1.3. The Committee provides appropriate advice and recommendations to the Council on matters relevant to this terms of reference.

1.4. The Committee will act in accordance with the provisions of the Act, the local laws and policies of the City of Busselton and these Terms of Reference.

2. OBJECTIVES, DUTIES AND RESPONSIBILITIES

2.1 The Committee operates to assist Council to fulfil its corporate governance, stewardship, leadership and control responsibilities in relation to financial reporting and audit, internal audit and risk management.

2.2 The primary objective of the Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the local government's compliance with the relevant sections of the Act, in managing its financial affairs.

2.3 The specific duties and responsibilities of the Committee are to:

a. Provide guidance and assistance to the Council as to the carrying out the functions of the local government in relation to audits and financial management;
b. Meet with the external auditor at least once in each year.
c. Liaise with the CEO to ensure that the local government does everything in its power to:
    i. assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
    ii. ensure that audits are conducted successfully and expeditiously;
d. Examine the reports of the auditor after receiving a report from the CEO to:
    i. determine if any matters raised require action to be taken by the local government; and
    ii. be satisfied that the CEO has taken 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 report of the auditor and presenting the 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 in time;
f. Consider and recommend adoption of the annual financial report to the Council;
g. Address issues brought to the attention of the Committee in relation to the external audit, including responding to requests from the Council for advice that are within the parameters of the Committee's Terms of Reference;

Document Set ID: 4198079
Version: 9, Version Date: 23/07/2026

h. Review the scope of audit plans and programs and their effectiveness as well as the appropriateness of special internal audit assignments undertaken by internal audit at the request of the Council or CEO;
i. Review reports of internal audits and monitor continuous improvement through the implementation of recommendations made by internal audit;
j. Review the annual Compliance Audit Return, consider the report from the CEO and recommend to the Council the results of that review;
k. Review the scope of internal and external audit to promote compatibility, to the extent appropriate, between each audit program;
l. Assist the Council to ensure that the City is taking a sound approach to risk management, by monitoring and assuring that the City has implemented an appropriate risk management framework;
m. Oversee periodic reviews of the City's risk management framework;
n. Review and provide advice to the Council on the management of the City's strategic risk profile as required;
o. Receive and consider reports from officers relating to significant strategic risks;
p. Review the level of resources allocated to internal audit and risk management;
q. Assist Council in ensuring that the City is taking a sound approach to fraud and corruption detection, by monitoring and assuring there are appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities;
r. Consider the CEO's triennial reviews of the appropriateness and effectiveness of the local government's financial management systems and procedures and report to the Council the results of those reviews;
s. Oversee continuous improvement through the implementation of any action required following the receipt of a review into the appropriateness and effectiveness of the local government's financial management systems and procedures;
t. Consider the CEO's triennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, and report to the Council the results of those reviews; and
u. Oversee continuous improvement through the implementation of any action required following the receipt of a review into the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance
v. Review and make recommendations in relation to identified continuous improvement opportunities.

3. POWERS OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE

3.1. The Committee is to report to the Council and provide appropriate advice and recommendations on matters relevant to its terms of reference to facilitate informed decision making by the Council.

3.2. The Committee is a formally appointed committee of the Council.

3.3. 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 delegated financial responsibility.

3.4. The Committee does not have any management functions and cannot involve itself in management processes and procedures.

4. MEMBERSHIP

4.1. The Committee will consist of:
a. between three and five elected members; and
b. Two independent external members.

4.2. The Council may appoint 2 elected members as deputy members of the Committee.

4.3. The independent external members will be selected based on criteria which includes the following:
a. A suitably qualified person with demonstrated expertise and knowledge in financial management, risk management, governance and audit (internal and external);

Document Set ID: 4198079
Version: 9, Version Date: 23/07/2026

b. Understanding of the duties and responsibilities of the position; ideally with respect to local government financial reporting and auditing requirements;
c. Strong communication skills; and
d. Relevant skills and experience in providing independent expert advice.

4.4. Independent external members will be persons with no operational responsibilities with the City nor will that person provide any other paid services to the City either directly or indirectly.

4.5. Appointment and re-appointment of independent external members will be made by Council after consideration of the CEO's recommendation. The applications of independent external members will be sought through an open and transparent process. The evaluation of potential members will be reviewed by the CEO and appointments will be approved by the Council.

4.6. An independent external member may only be appointed for a maximum of three consecutive terms.

4.7. Independent external members will be required to complete a confidentiality agreement and confirm that they will operate in accordance with the City's code of conduct. They will also be required to follow any City policies pertaining to the Committee operations.

4.8. Meeting attendance fees and reimbursement of approved expenses may be paid to an independent external member in accordance with s 5.100 of the Act.

4.9. Meeting attendance fees for an independent external member are to be the top of the relevant range for a band 1 local government in the most current Salaries and Allowances Tribunal determination for Local Government Chief Executive Officers and Elected Members

4.10. Council may appoint up to two elected members as deputy members of the Committee.

4.11. Membership of the Committee will, unless determined otherwise, cease on the day of the next ordinary Council election.

4.12. The membership of a member may be ceased in accordance with the Act.

5. PRESIDING MEMBER

5.1. The Council will appoint a Presiding Member and Deputy Presiding Member to conduct its business in accordance with s5.12 of the Act.

5.2. The presiding member and deputy presiding member will be independent external members.

6. MEETINGS

6.1. The Committee will meet at least four times per year.

6.2. The Committee will report to Council in accordance with clause 2.10 of the *City of Busselton Standing Orders Local Law 2018*.

6.3. Notice of meetings will be given to members at least five days prior to each meeting, with the agenda papers to be provided to members not less than 72 hours prior to the meeting.

6.4. The Presiding Member will ensure that detailed minutes of all meetings are kept in accordance with the Part 14 of the *City of Busselton Standing Orders Local Law 2018*.

6.5. All members of the Committee will have one vote. If the vote of the members present is equally divided, the Presiding Member will cast a second vote.

Document Set ID: 4198079
Version: 9, Version Date: 23/07/2026

6.6. Where the Committee makes a recommendation to the Council, the Chief Executive Officer will ensure that the recommendation is on the agenda of the next practicable ordinary Council meeting.

7. QUORUM

7.1. The quorum for a meeting will be at least 50% of the number of offices of membership, whether vacant or not.

8. DELEGATED POWERS

8.1. Pursuant to section 5.17 of the Act, the Committee is delegated the powers to conduct the formal meeting with the City's external Auditor required by section 7.12(A)(2) on behalf of the local government.

8.2. In all other matters, Committee recommendations are not binding on Council and must be endorsed by Council to take effect.

9. EVALUATION OF COMMITTEE'S EFFECTIVENESS

9.1. At the meeting of the Council prior to the ordinary Council elections, officers will present for Council's consideration a review as to the effectiveness and ongoing relevance of the Committee.

10. APPROVAL

Council Adoption	**DATE**	12 November 2025	**Resolution #**	
Previous Adoption	**DATE**	31 January 2024	**Resolution #**	

Document Set ID: 4198079
Version: 9, Version Date: 23/07/2026