AUDIT, RISK AND IMPROVEMENT COMMITTEE
TERMS OF REFERENCE

KEY FOCUS AREA LEADERSHIP AND GOVERNANCE

1. OBJECTIVES OF THE COMMITTEE

In accordance with Part 7 of the *Local Government Act 1995*, and regulation 16 of the Local Government (Audit) Regulations 1996, the Audit, Risk and Improvement Committee (Committee) is established to:

- Support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structures, risk management, audit functions, corporate business planning and ethical accountability.
- Critically examine audit and management reports to ensure that the Town appropriately implements any recommended actions.
- Receive and review reports prepared by the Chief Executive Officer (CEO) and make recommendations to Council on its findings.

2. FUNCTION AND ROLE

The function of the Audit, Risk and Improvement Committee is to review the appropriateness and effectiveness of the Town's financial management, legislative compliance and risk management systems. The role of the Audit, Risk and Improvement Committee is to:

2.1 AUDIT

- Review audit reports issued under section 7.12A(3) of the *Local Government Act 1995* to confirm that required actions are identified and to monitor management's progress in implementing those actions.
- Review management's response addressing significant audit findings, including actions taken or planned, in relation to a report provided under section 7.12A(4)(a) of the *Local Government Act 1995.*
- Review audit reports under Regulation 17 of the Local Government (Audit) Regulations 1996 and monitor management's progress in identifying and implementing required actions.
- Receive and review the annual Compliance Audit Return and make any recommendations it considers appropriate to Council.
- Review all other internal audits and management reports and consider recommended actions for recommendation to Council.
- Oversee and monitor the internal audit actions register.

2.2 RISK

- Review risk reports, including the status and effectiveness of the Town's risk management systems, and report to Council on any adverse trends or risks requiring further attention.
- Review management's processes for identifying fraud and misconduct risks and the adequacy of associated treatment plans and provide recommendations for Council.
- Review the Town's Risk Management Policy and Framework and recommend any proposed changes to Council.
- Review the adequacy of the Town's risk management processes and provide recommendations to Council as necessary.

2.3 IMPROVEMENT

- Review written advice prepared by the CEO under section 8.6(1)(a) of the Local Government Act 1995 and consider any resulting actions for recommendation to Council.
- Review written advice prepared under section 8.23(4)(a) of the *Local Government Act 1995* and consider recommended actions for Council.
- Consider and recommend the Town's annual financial report to Council for adoption.
- Make recommendations to Council on how to enhance the Town's financial reporting.
- Any other function conferred on the Audit, Risk and Improvement Committee under a written law.

3. DELEGATION

(1) This Committee has no delegated authority.

(2) The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility.

(3) The Committee has no management functions and must not involve itself in management processes or procedures, other than by making a recommendation to Council.

4. COMMITTEE MEMBERSHIP

(1) The Committee shall comprise five (5) members being:

a) three (3) elected members including the Mayor; and

b) two (2) independent members appointed by Council,

(2) In accordance with Part 7 of the *Local Government Act 1995,* the Presiding Member, Deputy of the Presiding Member and Deputy Presiding Member cannot be a council member of the Town or of any other local government

(3) For the purpose of appointment of members under section 4(1)(b), requisite skills and experience may include experience in financial management, auditing and assurance, governance and compliance, risk management, fraud, and cyber security experience.

(4) The CEO or their nominee is to be available to attend meetings to provide advice to the Audit, Risk and Improvement Committee.

(5) Appointments to the Committee will be for a two-year term, with membership coinciding with the local government ordinary election.

5. QUORUM

The quorum for a committee meeting is set by section 5.19 of the *Local Government Act 1995*.

6. MEETINGS

The Audit, Risk and Improvement Committee will meet at least quarterly.

7. REPORTING

The Committee shall report to Council by way of its minutes and any recommendations it may make.

In accordance with section 7.1CA of the Act, decisions of the ARIC are to be made by simple majority.

All recommendations of the ARIC are to be considered at the next Ordinary Council Meeting or, if that is not practicable:
a. At the first Ordinary Council Meeting after that meeting; or
b. At a Special Council Meeting called for that purpose

Members of the ARIC are bound by the Town's Code of Conduct for Council Members, Committee Members and Candidates.

Document Control Box					
Business Unit:	Governance				
Organisational:					
Review Frequency:	Biannual	**Next Due:**	2027	**Records Ref:**	
Version #	**Decision Reference:**	**Date:**		**Resolution Number:**	
1.	Adopted	28 July 2026		99/26	