



DRAFT

Audit, Risk and
Improvement Committee
Charter 2020

INFORMATION ABOUT THIS DOCUMENT

Date Adopted by Council		Resolution No.	
Document Owner	Executive Manager Corporate Services		
Document Development Officer	Coordinator Governance and Risk		
Review Timeframe	2 Years		
Last Review Date:	2020	Next Scheduled Review Date	2022

Document History

Doc No.	Date Amended	Details
1	October 2014	Adopted by Council – Res # 329/14
2	March 2018	Review for <i>LG Amendment (Governance and Planning) Act 2016</i> , review by Executive.
3	May 2020	Minor amendments to reflect position changes.
4	19 May 2020	Amended by Audit, Risk and Improvement Committee

Related Legislation*	<i>NSW Local Government Act 1993</i> <i>Local Government Amendment (Governance and Planning) Act 2016</i>
Related Policies	Risk Management Manuals
Related Procedures/ Protocols, Statements, documents	AS/NZS 31000:2009 Risk Management – Principles and Guidelines Risk OLG Internal Audit Guidelines 2010 Risk Register Risk Management Action Plan Integrated Planning and Reporting Framework documents Internal Audit Plan Internal Audit Charter

TABLE OF CONTENTS

1. OBJECTIVES	2
2. SCOPE AND AUTHORITY	2
3. COMPOSITION AND TENURE	2
3.1. Voting Members	2
3.2. Attendees from Council	3
3.3. Other Persons	3
4. ROLE AND RESPONSIBILITIES	3
4.1 Risk Management	3
4.2 Control Framework	4
4.3 Legislative Compliance	4
4.4 External Audit	4
4.5 Internal Audit	4
4.6 External Accountability	5
4.7 Responsibilities of Members	5
5. ADMINISTRATIVE ARRANGEMENTS	6
5.1 Meetings	6
5.2 Attendance at Meetings and Quorums	6
5.3 Secretariat	6
5.4 Conflict of Interests	6
5.5 Induction	6
5.6 Assessment Arrangements	7
5.7 Review of Audit, Risk and Improvement Committee Charter	7

1. OBJECTIVES

The objective of the Audit, Risk and Improvement Committee (Committee) is to provide professional independent advice and assistance to the Uralla Shire Council (Council) to improve its operations and functions, ensure compliance to legislation, and be accountable for its external responsibilities. This charter outlines and defines the responsibilities and the extent of authority that the Committee is granted.

2. SCOPE AND AUTHORITY

Subject to any legal obligations to protect information and confidentiality, Council authorises the Committee, within the scope of its role and responsibilities to:

- a) Have access to and obtain any information that it requires;
- b) Discuss relevant matters with external and internal auditors and/or other applicable external parties;
- c) Request the attendance of any Council employee or Councillor at Committee meetings; and
- d) Obtain external legal or other professional advice considered necessary to meet its responsibilities.

In accordance with Section 428A of the *Local Government Amendment (Governance and Planning) Act 2016* the Committee must keep under review the following aspects of Council's operations:

- a) Compliance;
- b) Risk management;
- c) Fraud control;
- d) Financial management;
- e) Governance;
- f) Implementation of the strategic plan, delivery program and strategies;
- g) Service reviews;
- h) Collection of performance measurement data by the council; and
- i) Any other matters prescribed by the regulations.

3. COMPOSITION AND TENURE

3.1. Voting Members

The Audit, Risk and Improvement Committee will be composed of five voting members consisting of:

- Two elected Members of Council; and
- Three independent external members (not members of the Council), with one to be delegated Chairperson.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Council. At least one independent external member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

The independent external members will be appointed for the term of Council's electoral cycle, after which they will be eligible for extension or re-appointment following a formal review of their performance by the elected Councillors after the Uralla Shire Council Local Government elections.

The term of a Committee member shall cease earlier on:

1. The day on which the member resigns from the Committee;
2. In the case of a Councillor, the day on which the member ceases to be a Councillor;
3. The day on which the member's appointment is legally terminated by Council; or
4. The day on which the member is incapacitated by law from holding such office.

3.2. Attendees from Council

The following Council officers and employees will be required to attend Committee meetings but will have no voting powers:

- General Manager;
- Chief Financial Officer;
- Executive Manager Corporate Services; and
- Coordinator Governance and Risk.

3.3. Other Persons

When the Committee deems necessary and when required other persons will be invited and/or will be permitted to attend Committee meetings. These persons include, but are not limited to:

- Representatives of Councils external and internal auditors;
- Observers, such as Councillors whom are not members of the Committee; and
- Other Council employees required to participate for certain agenda items.

4. ROLE AND RESPONSIBILITIES

The Committee has no executive powers, except those expressly provided by the Council.

In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of Council rests with the Council and the General Manager as defined by the *NSW Local Government Act 1993*.

The responsibilities of the Committee may be revised or expanded by the Council from time to time.

The Committee's responsibilities are outlined in the below sections:

4.1 Risk Management

- a) Review whether management has in place a current and comprehensive risk management framework, and associated policy/procedures for effective identification and management of business and financial risks, including fraud;
- b) Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- c) Review the impact of the risk management framework on its control environment and insurance arrangements; and
- d) Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

4.2 Control Framework

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

4.3 Legislative Compliance

- a) Determine whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements; and
- b) Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

4.4 External Audit

- a) The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings as well as management responses.
- b) At the completion of the annual financial statements, the Committee shall meet to review the audited General Purpose Financial Report and the Audit Report before the documents are presented to Council;
- c) The Committee shall provide input and feedback on the financial statements and performance audit proposed by external auditors; and
- d) Consider significant issues raised through external audit reports and monitor to ensure appropriate course of action is taken.

4.5 Internal Audit

- a) The Internal Audit function shall be administered through the Council, however ultimate reporting responsibility is to the Audit Committee;
- b) Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan, and approve the plan;
- c) Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan;

- d) Review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices;
- e) Monitor the implementation of internal audit recommendations by management;
- f) Periodically review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place; and
- g) Periodically review the performance of Internal Audit.

4.6 External Accountability

- a) Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and supported by appropriate management sign-off on the statements and the adequacy of internal controls;
- b) Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- c) To consider contentious financial reporting matters in conjunction with council's management and external auditors;
- d) Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements;
- e) Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations; and
- f) Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

4.7 Responsibilities of Members

Members of the Committee are expected to:

- a) Understand the relevant legislative and regulatory requirements appropriate to Council;
- b) Contribute the time needed to study and understand the relevant documentation and briefing materials provided;
- c) Apply good analytical skills, objectivity and good judgment;
- d) Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry; and
- e) Comply with Council's Code of Conduct.

5. ADMINISTRATIVE ARRANGEMENTS

5.1 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 Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

A forward meeting 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 this Committee Charter.

It is expected that Committee members will be in attendance at the majority of meetings.

5.2 Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members, including at least one independent member.

Meetings can be held in person, by teleconference or by video conference.

5.3 Secretariat

The Executive Manager Corporate Services is responsible for ensuring that the Committee has adequate secretariat support. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least one week before the meeting, and ensure minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

5.4 Conflict of Interests

Councillors, Council staff and members of Council committees must comply with the applicable provisions of Council's Code of Conduct in carrying out the functions as Council officials. It is the personal responsibility of Council officials to comply with the standards in the Code of Conduct and regularly review their personal circumstances with this in mind.

Committee members must declare any conflict of interests at the start of each meeting or before discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.

Where members or invitees at Committee meetings are deemed to have a real or perceived conflict of interest, it may be appropriate they be excused from Committee deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision is the Chair of the Committee.

5.5 Induction

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

5.6 Assessment Arrangements

The Chair of the Committee will initiate a review of the performance of the Committee at least once every two years. The review will be conducted with appropriate input from Council management and any other relevant stakeholders.

5.7 Review of Audit, Risk and Improvement Committee Charter

At least once every two years, the Committee will review the Audit, Risk and Improvement Committee Charter.

DRAFT