

Audit Risk and Improvement Committee Charter

CHARTER ADMINISTRATION

Dates	<p>Charter approved by Council 22 March 2021 (Version 6) Charter modified by ARIC 20 May 2021 (Version 6.1)</p> <p>Charter is due for review following release by OLG of ARIC Terms of Reference (2021) corresponding with the New Risk Management & Internal Audit Guidelines for NSW Local Government</p>
Approved by	<p>Charter approved by Council 22 March 2021 (Version 6) Charter modified by ARIC 20 May 2021 (Version 6.1)</p>
Policy Owner	Chief Audit Executive, Office of the General Manager
Related Documents	Office of Local Government Risk Management & Internal Audit Guidelines for NSW Local Government (draft December 2019)
References & Legislation	Local Government Amendment (Governance and Planning) Act 2016-Section 428A
Document Identifier	<p>Charter #: Ctr-001.06.01 Doc #: D20/86842</p>
Record Keeping	All documents and information obtained in relation to the implementation of this Charter will be kept in accordance with the NSW State Records Act 1998, Georges River Council's Corporate Records Policy and adopted internal procedures.

Disclaimer – This Charter may be superseded when the Office of Local Government releases the Terms of Reference for NSW Local Government Audit Risk and Improvement Committees.

This is expected to be released in 2021 and may include a transitional period prior to it becoming effective.

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1. Purpose of the ARIC

The purpose of the Audit, Risk & Improvement Committee (ARIC) is to enhance the Council's existing governance framework by providing independent assurance and assistance to the Council on key aspects of its operations.

2. Role, Responsibility and Authority of ARIC

Role of ARIC

- 2.1. ARIC is an advisory committee only and has no executive powers, except those expressly provided by the Council and legislation.
- 2.2. In carrying out its responsibilities, ARIC recognise that primary responsibility for management of Council rests with the Council and the General Manager as defined by the *Local Government Act 1993*.
- 2.3. The approach the ARIC adopts in its interaction with senior management will have a direct bearing on the effectiveness of the ARIC. It is the responsibility of ARIC to promote a positive culture of continuous improvement to ensure its effectiveness.
- 2.4. ARIC fulfils its role by:
 - Providing a forum for communication between all stakeholders including Council, General Manager, Senior Management, Internal and External Audit and contracted agents.
 - Ensuring and supporting the independence of the Internal Audit function.
 - Monitoring the resources allocated to the Internal Audit function and to make recommendations to the General Manager where required, to ensure that sufficient and appropriate resources are made available.
 - Reviewing, endorsing or suggesting improvements on reports submitted to the ARIC meetings.

Responsibilities of ARIC

- 2.5. The ARIC is required to keep under review the following aspects of the Council's operations as contained in Section 428A of the *Local Government Amendment (Planning & Governance) Act 2016**:
 - 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,
- i) any other matters prescribed by the regulations.

* This Section of the Act has been enacted and is expected to be Proclaimed effective March 2022. Georges River Council has pre-empted the Proclamation in accordance with good governance and best practice.

2.6. The ARIC is also to provide information to the Council for the purpose of improving the Council's performance of its functions.

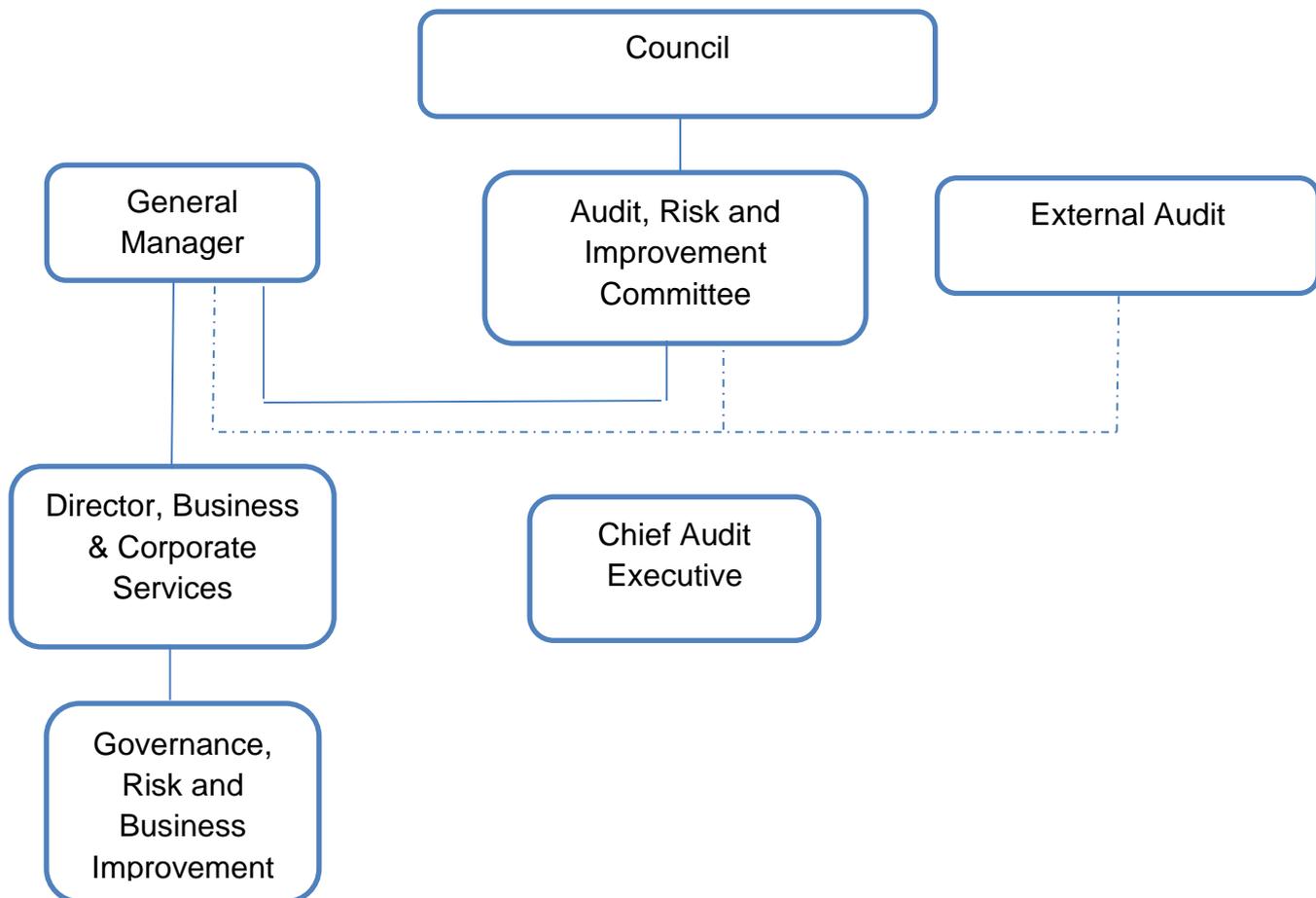
Authority of ARIC

2.7. The Council authorises ARIC, within the scope of its role and responsibilities and in consultation with the General Manager, to:

- a) Obtain information it needs from any employee or external party (subject to their legal obligations to protect information)
- b) Discuss matters with the External Auditor, or other external parties (subject to confidentiality considerations)
- c) Request the attendance of any Council employee or Councillor to ARIC meetings.
- d) Request external legal or other professional advice, if considered necessary by ARIC, to meet its responsibilities.

3. Organisational Structure and reporting relationships

3.1. The NSW Auditor General is the statutory external auditor for the Council. Within the Council, the ARIC relationships with the elected Council, other Council Committees and internal reporting and external relationships are represented diagrammatically below:



4. Membership, Composition, Chairperson and Voting

Membership and Composition

- 4.1. Voting Members will be three independent external members, at least one of whom has financial management expertise and one of whom shall be the Chair.
- 4.2. Non-voting advisors (these persons will ordinarily attend all or relevant parts of the meetings)
 - a) General Manager
 - b) Chief Audit Executive (ARIC Facilitator)
 - c) Director, Business & Corporate Services
 - d) Manager – Risk & Governance

- e) Chief Financial Officer (CFO)
 - f) Representative(s) of the NSW Auditor General
- 4.3. Other persons – Invitees (non-voting)
- 4.3.1. The ARIC may request the following persons to attend all or part of the meetings, to present relevant information as required:
- a) Other Council officers;
 - b) Representative of the External Auditor;
 - c) Other external parties; or
 - d) Councillors may attend as observers, at the discretion of the Chair.

ARIC Appointments & Tenure

- 4.4. The independent external members will be appointed for a term of up to three (3) years on a staggered basis, where possible, to ensure continuity of independent membership is maintained between Council terms where possible.
- 4.5. Eligibility for reappointment of positions is available up to a maximum of six (6) years. Reappointment may be subject to a formal performance review. Reappointments will be made by Council.
- 4.6. The Chairperson will be appointed for a term of three (3) years by Council. At the expiry of this term, the outgoing Chairperson will be eligible for reappointment or one of the other independent external members may be appointed.
- 4.7. The maximum tenure for the Chairperson is a maximum period of six (6) years.

Casual Vacancies

- 4.8. A casual vacancy caused by the resignation, termination or death of an independent member, will be filled by undertaking the following process:
- a) Where a casual vacancy occurs, the Chief Audit Executive will report this matter to the next ARIC meeting, record it appropriately in the Minutes and highlight it in the report to the next available Council Meeting.
 - b) The Chief Audit Executive will provide a report to the next available Council Meeting regarding the proposed replacement. This report will give consideration to the following options;
 - The Chief Audit Executive will review the original expressions of interest received and will confirm if any of those individuals who previously nominated, are suitable and still prepared to be considered as a member of the ARIC. A recommendation may be made, for an appointment by Council resolution.

- Where no previous nominations are still appropriate or current, expressions of interest will be called to fill the vacancy, for an appropriate recommendation and appointment by resolution of the Council.
 - Where a vacancy occurs within nine (9) months preceding the conclusion of the Term of the current Council, the vacancy will not be filled until after the impending Council election.
- 4.9. Once endorsed by the Council, a new Member filling a casual vacancy will hold office for the usual tenure period.

5. Meetings and Procedures

Scheduling of meetings

- 5.1. The ARIC will attempt to meet four (4) times per year for general ARIC meetings and one additional meeting per year for a review of the annual audited financial reports and external audit opinion.

Annual Responsibility Meeting Calendar

- 5.2. A forward meeting plan, including meeting dates and agenda items, will be agreed by the ARIC each year. The forward meeting plan will cover ARIC responsibilities as detailed in this Audit, Risk and Improvement Committee Charter.

Distribution of agendas and business papers and availability of relevant ARIC information

- 5.3. The agenda and meeting papers of scheduled meetings of the ARIC shall be available to members via the Council's secure online ARIC Portal, at least three (3) working days prior to a scheduled meeting.
- 5.4. The ARIC Portal may also be populated with other information relevant to ARIC members between meetings. This may include statutory reports to Council, budget reporting, integrated planning and reporting and industry information.

Public Participation

- 5.5. Due to the often-confidential nature of the items presented, all ARIC meetings will be closed to the public.

Attendance at meetings.

- 5.6. The attendance by members at ARIC meetings shall be recorded. Where a member does not attend and does not provide an apology for two (2) consecutive meetings, this will be reported to Council and a determination will be made by Council as to that member's ongoing tenure on ARIC. The record of attendance at meetings by all members, will be presented in Council's Annual report.
- 5.7. Non-attendance will result in no payment of the member fee for the particular meeting.

Proxy Voting

- 5.8. Voting by proxy is not permitted. Only members in attendance at the meeting, either in person or via live telephone or video conferencing methods, shall be entitled to participate in the decision-making process and vote.

Quorum

- 5.9. A minimum of two voting members of ARIC will need to be in attendance to constitute a quorum. Meetings can be held in person or by attendance via telephone or video-conference, at the determination of council.

Chairperson

- 5.10. The ARIC will be chaired by one of the independent, external members appointed as Chair by Council.
- 5.11. The Chairperson is to have precedence at the meeting and shall determine the order of proceedings, generally as set by the agenda.
- 5.12. In the absence of the Chairperson, another independent member elected by ARIC, shall chair the meeting.
- 5.13. Council's Code of Meeting Practice shall be used as the reference guide, for any matters pertaining to the ARIC, which are not otherwise outlined in this Charter.

Voting

- 5.14. No formal voting rules apply to ARIC meetings. As ARIC has an advisory role, its decisions or recommendations are made by consensus and no decision or recommendation is deemed to be a decision of the Council, unless the matter is referred to Council for determination. If ARIC consensus is not achieved and if required, the matter shall be referred to the Council for determination.

Additional meetings

5.15. The Chairperson of the ARIC may convene additional meetings if required. Other ARIC members may submit requests to the Chairperson for additional meetings.

6. Assessment of ARIC performance

6.1. The Chair of ARIC will initiate a review of the performance of the ARIC at least once every two years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chair), with appropriate input from management and any other relevant stakeholders.

6.2. The results of the assessment are to be provided to the Council, who should consider the findings and any recommendations of the assessment and, if required, take appropriate action to enhance the ARIC's performance. These results may be included in the ARIC Annual Report to Council.

7. ARIC Member competencies

7.1. At least one independent member of ARIC shall have accounting or related financial management experience with understanding of accounting and auditing standards in a public sector environment.

7.2. The ARIC combined should have sufficient coverage of all the responsibility areas required under Section 428A Local Government Amendment (Planning & Governance) Act 2016.

8. ARIC Member requirements

8.1. Members of ARIC are expected to:

- a) Understand the relevant legislative and regulatory environment of Audit and Risk Management in NSW Local Government and any particular requirements appropriate to Georges River Council.
- b) Contribute the time needed to study and understand any documentation or papers provided.
- c) Apply high level 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.
- e) Abide by the Georges River Council's Code of Conduct.

9. ARIC Facilitator

9.1. The ARIC facilitator is the Chief Audit Executive appointed by the General Manager. The facilitator is responsible for co-coordinating the preparation of agendas, invitations and as well as any presentations from guest speakers.

10. Administrative Support

- 10.1. The ARIC will be provided with administrative support by the Office of the General Manager-Executive Services Unit.
- 10.2. The Chief Audit Executive will coordinate the requirements of the ARIC with the Executive Services Unit.

11. Conflicts of Interest

- 11.1. ARIC members are required to completed a Declaration of Interest form prior to the commencement of each meeting, even if it is a Nil return.
- 11.2. ARIC members must declare to the meeting any conflicts of interest or pecuniary interests at the start of each meeting, or before any discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted.
- 11.3. Where any members or invitees at ARIC meetings have declared a conflict of interests, or are deemed by the Chairperson to have any real or perceived conflict of interests, it may be appropriate that they be excused from ARIC deliberations on the issue where the conflict of interest may exist. The final arbiter of such a decision will be the Chairperson of ARIC.

12. Code of Conduct

- 12.1. Councillors, 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/delegates. 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.

13. Relationship with Internal Audit, Finance, Risk and Governance

- 13.1. The ARIC may meet in camera annually or as required with the Chief Audit Executive, CFO and/or Manager, Risk & Governance.

14. Relationship with External Audit

- 14.1. The ARIC may meet in camera annually or as required with the External Auditors.

15. Reporting to Council

Minutes

- 15.1. The Minutes of each ARIC meeting shall be submitted to Council after confirmation at the subsequent ARIC meeting and at the discretion of the Chair if publication could prejudice ongoing audits or investigations.
- 15.2. The Unconfirmed Minutes of each ARIC meeting will be updated on the ARIC Portal after the meeting to allow for ARIC member and councillor access. This will

occur at the discretion of the Chair if publication could prejudice ongoing audits or investigations.

Council Referrals

15.3. The Chair of ARIC is expected to refer ARIC matters to Council (via the relevant council officer or meeting with the Mayor) where it is considered necessary for the governing body to be informed and for them to be able to perform their duties as the governing body.

ARIC Annual Report

15.4. The ARIC, through the Chairperson, shall submit and present on an annual report to Council. The report should include the following matters:

- A summary of the work ARIC performed to discharge its functions and responsibilities during the year;
- A summary assessment of the ARIC key responsibility areas: compliance, risk management, fraud control, financial management, governance, implementation of strategic plans, delivery programs and strategies and service reviews;
- Area's for improvement; and
- Details of meetings held during the year and attendance at such.

15.5. A summary of the annual performance report should be included in Council's annual report, including membership details and main responsibilities addressed by the ARIC in the reporting year.

Other reports

15.6. The ARIC should be able to report on any other matter it considers of sufficient importance to do so. In addition it is expected that an individual committee member may request a meeting with the Chair of ARIC.

16. Media and Public Contact

16.1. Members of ARIC are not permitted to speak to the media or the public as representatives of ARIC, unless authorised and approved by Council.

17. Review of Audit, Risk & Improvement Committee Charter

17.1. This Audit Risk and Improvement Committee Charter will be reviewed and replaced when the Office of Local Government Risk Management and Internal Audit Framework is mandated, expected in 2021.

17.2. As part of this Framework, the Office of Local Government will issue an Audit Risk and Improvement Committee Terms of Reference, governing the operation of

ARIC and its responsibilities under Section 428A of *the Local Government Amendment (Planning & Governance) Act 2016*. This will supersede this Charter.

VERSION CONTROL AND CHANGE HISTORY

Version	Amendment Details	Policy Owner	Period Active
1.0	Complete new Georges River Council Audit and Risk Management Committee Charter	Internal Auditor	4/7/2016 – 1/5/2017
2.0	Charter renamed Audit Risk and Improvement Committee Charter and inclusion of requirements of s428(A) of the Local Government Amendment (Governance Planning) Act 2016 (Council Resolution CCL068/17)	Internal Auditor	1/5/2017 – 27/11/2017
3.0	Minor amendments as detailed in the report to the Finance and Governance Committee Meeting 13/11/17 (Council Resolution CCL230/17)	Internal Auditor	27/11/2017 – 22/3/2020
4.0	The ARIC reviewed the Charter and determined not to amend it pending the release of the proposed Office of Local Government ARIC Terms of Reference in 2020. (ARIC decision AUD016-20)	Internal Auditor	22/3/2020 – 28/09/2020
5.0	Charter amended as per Extraordinary Council Meeting 28/9/20 to discontinue councillor representation on the Committee, including changing quorum requirements. Also updated Internal Auditor title to Chief Audit Executive and reference to Strategic Audit Plan from 5 years to 3 years. Council Resolution CCL053-20	Chief Audit Executive	28/9/2020 – 22/03/2021
6.0	Charter amendments: - Remove duplication - More logical format - Member tenures	Chief Audit Executive	22/3/2021 – 20/5/2021

	<ul style="list-style-type: none"> - Distribution of business papers timing - ARIC Portal information - ARIC performance assessment timing - Council referrals - In Camera meetings - Council referrals <p>Council Resolution CCL016-21</p>		
6.1	<p>Minor modification by ARIC to include a new Clause 15.2, to clarify that Unconfirmed Minutes will be updated on ARIC portal following meeting.</p>	<p>Chief Audit Executive</p>	<p>20/5/2021 - ongoing</p>