



WAVERLEY
COUNCIL

Audit, Risk and Improvement Committee Charter

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Related policies/procedures/guidelines	Internal Audit Charter
Related forms	Nil

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1. Objective

The Waverley Audit, Risk and Improvement Committee ('the Committee') provides independent assistance to Council by monitoring, reviewing and providing advice on governance processes, risk management and control frameworks, and external accountability obligations.

The Committee is supported by an internal audit function and together they are one mechanism Council uses to ensure its internal controls and management approaches are adequate and effective for the management of risk across the organisation.

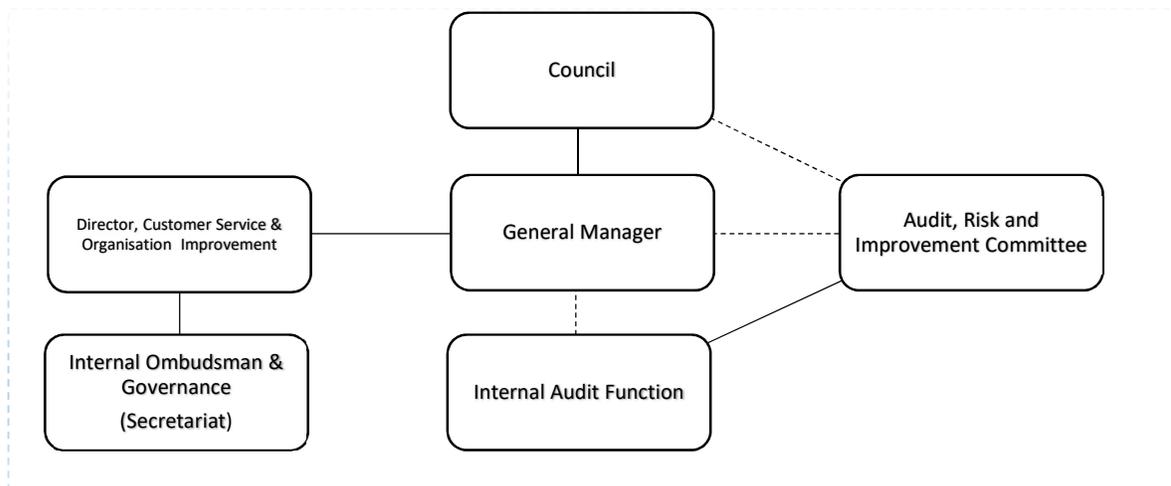
2. Authority

The Committee is an external independent advisory body to Council that assists the Council to fulfil its functions. It does not have any delegated authority to act on behalf of Council. The advisory status of the Committee means that it may only make recommendations to Management and the Council.

To assist the Committee to undertake its functions the Council authorises the Committee to:

- Obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
- Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations).
- Request the attendance of any employee or councillor at Committee meetings.
- Obtain external legal and other professional advice considered necessary to meet its responsibilities.
- Provide information, advice and recommendations to the elected Council and/or the General Manager on any matter within the scope of its responsibilities.
- Provide Council with advice on the Committee Charter.

2.1 Committee Reporting Structure



3. Independence of the Committee

The Committee has an independent status to ensure its effectiveness. To achieve this, any advice or recommendations of the Committee cannot be directed by any organisational unit, employee or official of the Council.

Committee members are required to have an independence of mind in deliberations and not act as a representative of a particular area of the community or of the Council.

All Committee business and activities must be free of influence from any element in the organisation.

The Committee is independent of the activities that it audits or reviews to ensure unbiased judgements, proper conduct and impartial advice to Management and the Council.

The Committee must not have any direct operational responsibility or authority over any of the activities audited or reviewed and must not assume responsibilities for the implementation of any of its recommendations to Management or the Council about Council's operations.

To further preserve independence, external independent members must not undertake other business or employment (OBE) with Council without the written approval of the General Manager. This includes any organisation in which an external independent member has a controlling interest. However, Council may utilise the expertise of independent members to assist it in other areas of the organisation, but only in their capacity as independent ARIC members, or in other circumstances where independence can be maintained and subject to the explicit approval of the General Manager in each circumstance.

4. Membership

The Committee comprises 4 voting members.

4.1 Voting Members

The 4 voting members are made up of:

- 3 external independent members and
- 1 councillor member (other than the Mayor).

External independent members may only be appointed to the Committee by resolution of the Council.

The external independent members shall be sought by way of public advertisement inviting expressions of interest for assessment by an Audit, Risk and Improvement Committee Appointment Panel comprising the Mayor (or their delegate), General Manager, Internal

Ombudsman and two external representatives from Council's legal or conduct review panels.

The Panel will recommend the external independent membership of the Committee to Council for its determination. The Panel must ensure that the recommended external independent members, taken collectively, have recent and relevant:

- financial and accounting experience
- risk management experience
- performance improvement experience
- local government / public sector experience
- legal or governance experience, and
- experience in asset management.

Council must appoint one of the external independent Committee members as the Chair of the Committee.

The Councillor member of the Committee must be appointed by resolution of the Council.

The Mayor cannot be a member of the Committee.

The Council may resolve to appoint an alternate Councillor member to the Committee to attend meetings in the absence of the Councillor member. The alternate Councillor member will have the same voting rights as the Councillor member being replaced.

A vacancy for an external independent member of the Committee will occur upon the resignation of the member, expiry of a term of appointment as outlined in Section 5 of this Charter, failure to attend without cause for three consecutive meetings, or removal of the member by resolution of the Council.

Vacant external independent member positions on the Committee must be filled by way of public advertisement inviting expressions of interest for assessment by the Panel, who will recommend a new member to Council. This will occur as soon as practical within the period of two Committee meetings.

However, Council may establish a pool of suitable candidates to fill future vacancies on the Committee. A candidate may be a member of the pool for a maximum period of 12-months.

Should the position of Chair become vacant, the Committee members will appoint, by means of a vote, an acting Chair from the external independent members until such time as the Council appoints a replacement Chair.

Former Waverley Council staff and Councillors may be eligible for appointment as an external independent member to the Committee but only following a two-year break from service at the Council.

Committee members must decline any request to act as referee to applicants for vacant positions on the Committee.

4.2 Invitees and Observers

The Committee will issue a standing invitation to the following people to attend meetings of the Committee as non-voting invitees:

- General Manager
- All Directors, including the Chief Financial Officer
- General Counsel
- Internal Ombudsman
- Executive Manager, Finance
- Internal Auditor
- External Auditor

The Committee may exclude the General Manager or any other staff member from a Committee meeting while it deals with any matter, if it thinks it appropriate to do so.

Other Council staff may be invited by the Chair of the Committee or the General Manager to attend meetings as observers, advisors or to provide information and presentations as required.

The Committee may also invite other external parties to provide expert advice, information or presentations as the Committee deems necessary.

Councillors who are not Committee members may attend meetings of the Committee as observers and will be able to make comments during the meeting at the discretion of the Chair.

5. Term of Office

Subject to the following paragraph, appointments to the Committee shall be for a period of up to 4 years (or as determined by the Council), ensuring that continuity of independent membership is maintained over each Council term where possible. The appointment for an independent external member may be renewed for a further term of up to 4 years with a maximum total term of 8 years.

Upon the appointment of an independent member, Council may set the initial term of that member for a period less than four years, so that the changeover of the independent members on the Committee is staggered with one independent member being replaced or

reappointed at a different time from the other two independent members. This will allow for continuity and transfer of corporate knowledge over consecutive Council terms.

Notwithstanding this, positions will be declared vacant and new members will be sought on the date of the Council general election for Councillor members and at least six months after that date for independent external members. Appointees may be reappointed for an additional term, not to exceed 8 years in total, by Council through this process.

The Chair must be an independent external member and may be appointed as Chair for a maximum of 5 years. The total term of the Chair as an independent external member of the Committee is not to exceed 8 years.

In the case of resignation from the Committee by an independent external member, a new independent member will be selected following the process outlined in this Charter.

6. Role and Responsibilities

The responsibilities of the Committee may be revised or expanded by the Council from time to time. In accordance with Section 428A of the Local Government Amendment (Governance & Planning) Act 2016, the Committee must keep under review the following aspects of Council operations:

- Compliance
- Risk Management
- Fraud Control
- Financial Management
- Governance
- Implementation of Strategic Plan, Delivery Program & Strategies
- Service Reviews
- Collection of Performance Measurement Data by the Council
- Any other matters prescribed by regulations.

The General Manager may also place before the Committee such other matters as they think fit where the Committee's input may add value.

The Committee will also provide information to Council that the Committee believes will assist Council to improve the performance of its functions.

The responsibilities of the Committee are further defined below.

6.1 Compliance

- Determine whether management has appropriately considered legal and compliance risks as part of its risk assessment and management arrangements.

- Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

6.2 Risk Management

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

6.3 Fraud Control

- Satisfy itself there is an appropriate fraud and corruption prevention program in place.
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

6.4 Financial Management

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and are supported by appropriate management sign-off on the statements and the adequacy of internal controls.
- Consider contentious financial reporting matters in conjunction with council's management and external auditors.
- Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements.

6.5 Governance/Internal Control

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors.
- Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated.

- Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with.
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations.
- Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, reports and recommendations from authoritative bodies including:
 - State and Federal Government and their relevant agencies
 - Independent Commission against Corruption
 - NSW Ombudsman
 - Australian Institute of Company Directors
 - Other relevant accounting, legislative and sector bodies.

6.6 Implementation of Strategic Plan, Delivery Program & Strategies

- Review that Council is meeting its integrated planning and reporting obligations in accordance with legislative requirements.

6.7 Service Reviews

- Monitor that service reviews, or other appropriate improvement reviews, are undertaken where appropriate to ensure a focus on continuous improvement.

6.8 Collection of Performance Measurement Data by Council

- Review that Council is collecting appropriate performance measurement data and reporting its performance measures in accordance with the integrated, planning and reporting framework.

6.9 Any other Matters Prescribed by Regulations

- Review Council's processes to monitor new and emerging regulatory requirements that will impact risk management, governance and the Committee's responsibilities.

6.10 Internal Audit

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit.
- Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Council's Risk Management Framework, and approve the Internal Audit Plan.
- Consider the adequacy of the Internal Auditor's resources to carry out their responsibilities, including completion of the approved Internal Audit Plan.

- 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.
- Monitor the implementation of internal audit recommendations by management.
- Meet separately with the Internal Auditor, without Management present, at least once per year.
- Every two years review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.

6.11 External Audit

- Act as a forum for communication between the Council, General Manager, senior management, internal audit and external audit.
- Provide input and feedback on the financial statement and performance audit coverage proposed by the External Auditor and provide feedback on the external audit services provided.
- Review all external plans and reports in respect of planned or completed external audits and monitor the implementation of audit recommendations by management.
- Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.
- Review the Closing Report and any management letters outlining the results of the external audit, including whether appropriate action has been taken in response to audit recommendations and adjustments. This is to be undertaken following the initial response by Management.
- Meet separately with the External Auditor, without Management present, at least once per year.

The Committee may, at any time, consider any other matter it deems important. In addition, at any time an individual Committee member may request a meeting with the Chair of the Committee.

7. Responsibility of Committee Members

Members of the Committee are expected to:

- Understand the relevant legislation and regulatory requirements appropriate to the Council.
- Contribute the time needed to study and understand the papers provided.
- Apply good analytical skills, objectivity and good judgment.
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

7.1 Code of Conduct

Members of the Committee must comply with Council's *Code of Conduct for Council Committee Members and Other Council Officials* in carrying out their functions as Committee members.

It is the personal responsibility of each Committee member to comply with the standards in the code of conduct and regularly review their personal circumstances with this in mind.

7.2 Conflict of Interests

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 recorded in the minutes.

Where Committee members 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.

For the avoidance of doubt, external independent members of the Committee are not 'designated persons'.

7.3 Confidential and Personal Information

In the course of their work on the Committee, Committee members will be entrusted with sensitive or confidential information about Council's operations, and at times the personal information of staff members.

Committee members must maintain the integrity and security of confidential and personal information in their possession, or for which they are responsible.

Provisions concerning the use and security of confidential and personal information are set out in Part 7 of Council's *Code of Conduct for Council Committee Members and Other Council Officials*.

Should a Committee member become aware of any breach of security, or misuse of Council's confidential or personal information, they should inform the General Manager immediately.

7.4 Media Protocol

Committee members must not make public comment, including to the media and on social media, on any matter related to Waverley Council.

7.5 Responsibilities of Invitees, Observers and Non-member Councillors

All Invitees, Observers and non-member Councillors must comply with sections 7.1-7.4 of this Charter.

8. Reporting and Review Requirements

The Committee shall report to the Council on the management of risk and internal controls at least once each year.

At the first meeting after the financial statements are considered each year by the Committee, the Committee through the Chair shall also submit and present a formal report outlining its major achievements, issues identified and other relevant matters to a closed session of a Council meeting.

8.1 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 on a self-assessment basis (unless otherwise determined by the General Manager), with appropriate input from management and any other relevant stakeholders.

When reviewing the Committee's performance, the Chair should be satisfied that an effective, comprehensive and complete service is being provided.

The General Manager will arrange for an independent review, at least every 5 years, of the efficiency and effectiveness of the operations of the Committee. The results of the review will be reported to Council.

8.2 Review of the Committee Charter

At least once every two years, the Committee will review its Charter to ensure it remains current, relevant and accurately reflects the Committee's composition, role and responsibilities.

The Committee may make recommendations to the Council to change aspects of the Charter. However, the adoption of the Charter is the responsibility of Council.

9. Administrative Arrangements

9.1 Meetings

Meetings of the Committee are not open to the public. There is no opportunity for members of the public to address the Committee.

The Committee will meet at least four times per year, with one of the meetings to include a review 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 and the General Manager may make requests to the Chair for additional meetings.

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

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 Charter.

Where internal audit priorities change between meetings or new urgent issues arise, and where it is not possible to schedule an additional meeting, the Committee will be kept fully informed of all changes via email.

9.2 Quorum

Quorum at a Committee meeting is three Committee members.

9.3 Chair to have Precedence

The Chair is to have precedence over the control and management of the meetings.

The Chair may call any member to order whenever in the opinion of the Chair it is necessary to do so.

Should the Chair be absent from, or unable to chair, a meeting or part of a meeting, the Committee members present will appoint, by means of a vote, an independent external member to act as Chair for the meeting, or that part of the meeting as the case may be.

9.4 Voting

A motion supported by the majority of Committee members, by means of a vote, at a meeting of the Committee at which a quorum is present is a decision of the Committee.

Each member of the Committee is entitled to one vote only. In the case of an equality of votes on any matter, the Chair of the Committee has a casting vote. Where the Chair decides not to exercise their casting vote, the motion being voted upon is lost. Whether or not the Chair used their casting vote shall be recorded in the minutes.

9.5 Secretariat Support

Council will provide Secretariat for the Committee from the appropriate Council department. Council will also provide project support to the Committee as appropriate.

9.6 Agendas and Minutes

Meeting agendas must be set and approved by the Chair of the Committee in consultation with the General Manager and Internal Ombudsman.

Meeting agendas are classified as confidential and not publicly available. The confidential agenda will only be issued to Committee members, all councillors and the non-voting invitees set out in section 4.2 of this Charter.

The Secretariat will ensure the confidential agenda is issued to the parties listed above at least seven days before the meeting.

The General Manager through the Secretariat support must ensure that full and accurate minutes of the proceedings of Committee meetings are kept. The minutes must record:

- the date and start time of meetings, attendees and any apologies
- any conflict of interests declared at the meeting
- the confirmation of the minutes from previous the meeting
- the Committee's decision on each item
- the time the meeting closed.

The draft minutes must be approved by the Chair of the Committee. The Secretariat will then circulate the draft minutes to all Committee members, Councillors and relevant staff within three weeks of the meeting being held.

Draft minutes are not publicly available.

Minutes must be confirmed by the Committee at the next available Committee meeting, and subsequently reported to Council for noting.

9.7 Induction

New voting members will receive information packs and briefings upon their appointment to assist them to meet their Committee responsibilities.

9.8 Remuneration

The external independent members of the Committee shall be remunerated for participating on the Committee on a per meeting basis at the remuneration level adopted by Council.