

Audit, Risk and Improvement Committee

Committee Charter

1. Introduction

This “Audit, Risk and Improvement Committee Charter” is adopted by the Council, to define the role of the Council’s Audit, Risk and Improvement Committee, formed pursuant to S428A(1) of the *Local Government Amendment (Governance and Planning) Act 2016 No 38*. The Act states the following in respect of Audit, Risk and Improvement Committees:

- A council must appoint an Audit, Risk and Improvement Committee;
- The Committee must keep under review the following aspects of the council’s operations:
 - Compliance
 - Risk management
 - Fraud control
 - Financial management
 - Governance
 - Implementation of the strategic plan, delivery program and strategies
 - Service reviews
 - Collection of performance measurement data by the council
 - Any other matters prescribed by the regulations
- The Committee is also able to provide information to the council for the purpose of improving the council’s performance of its functions.

2. Objective

The objective of the Audit, Risk and Improvement Committee is to provide independent assurance and assistance to the Council of the City of Wagga Wagga on risk management, control, governance, and external accountability responsibilities.

3. Status and Name

The Committee shall be known as “the Council of the City of Wagga Wagga Audit, Risk and Improvement Committee” (hereinafter referred to as “the Committee”).

This Committee is an advisory Committee to the Council of the City of Wagga Wagga (hereinafter referred to as “Council”) pursuant to and in accordance with provisions contained in Section 355 the Local Government Act 1993, and the Local Government (General) Regulations 2021.

4. Established

The Committee was established by Council Res No 07/008.5 on 26 February 2007 and reconfirmed by Council Res 22/0050 on 14 February 2022.

5. Authority

The Council authorises the Committee, within the scope of its role and responsibilities (outlined in section 7 below), to:

- Obtain any information it needs from any employee, via the General Manager, 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 through the General Manager.
- Request a workshop on a topic.
- Obtain external legal or other professional advice considered necessary to meet its responsibilities, via the Chief Audit Executive.

Any information requested by the Committee will be provided to a meeting of the Committee.

6. Composition and Tenure

The Committee will consist of:

Members (voting)

- Two (2) Councillors (excluding the Mayor) appointed by Council
- Two (2) alternate Councillor members appointed by Council
- A minimum of three (3) independent external members (one (1) of whom to be Chairperson and one (1) of whom to be Deputy Chairperson)

Attendee (non-voting)

- General Manager
- Chief Audit Executive
- Chief Financial Officer
- Manager Governance and Risk
- Secretariat

Invitees (non-voting) for specific Agenda items

- External Auditor (or representative) to attend at discretion of the Committee but must attend meetings considering the draft financial report and results of the external audit.
- Other officers or guests may attend by invitation as requested by the Committee.

Selection of Independent Members of the Committee

Selection of Independent Members of the Committee shall be made in accordance with Council's Appointment of Organisation Community and Individual Citizen Members to Council Committees Policy (POL 117).

Term of Office

- The Committee may be dissolved by resolution of the Council at any time but otherwise shall cease to hold office in accordance with Council's "Appointment of Organisation Community and Individual Citizen Members to Council Committees" (POL 117). By resolution, Council may extend the duration of the

Committee and its independent membership for a period of not more than six (6) months after the date of a local government election.

- A Committee may be re-established with amendment or otherwise, by the Council following a general election.
- The Council reserves the right to determine the appointment of all members of the Committee.

Vacation of Office

The office of an elected, appointed or representative member of the Committee shall become vacant:

- Upon his/her death;
- If she/he becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration for their benefit;
- If she/he becomes a mentally incapacitated person;
- If he/she resigns his/her membership by notice in writing to the Committee;
- If he/she is absent for three (3) or more consecutive meetings, or 50% or more of meetings held over a rolling 12-month period, without prior approved leave of absence of the Committee;
- If he/she holds any office of profit with the Council;
- If he/she is convicted of any indictable offence or of any summary offence related to dishonesty;
- If he/she is disqualified or dismissed from holding civic office;
- If the Committee is dissolved by the Council;
- If the position is used for any pecuniary interest of the individual; or
- In the event of the Councillor ceasing to be a member of the Council.

Where such person was directly appointed by the Council, the vacancy shall be filled by the Council.

Chairperson and Deputy Chairperson

- Council will appoint one independent member to be Chairperson and one independent member to be Deputy Chairperson of the Audit, Risk and Improvement Committee for the first 12 months of the new term of the Committee. The Assessment Panel formed in accordance with POL 117 Appointment of Organisation Community and Individual Citizen Members shall provide a recommendation to Council for determination with regard to the appointment of the initial Chair, Deputy Chair and independent members of the Audit, Risk and Improvement Committee.
- Following the end of the first 12 months of the term of each Committee, or in the event of a vacancy at any time within the term of the Committee, the Committee shall elect one independent member to be Chairperson and one independent member to be Deputy Chairperson for the remaining term of the Committee.
- The Deputy Chairperson shall act in the absence of the Chairperson.
- A Councillor shall not be elected as Chairperson or Deputy Chairperson of the Committee

7. Roles 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 Local Government Act.

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

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, implementing and monitoring risk management plans, including budgets, for major projects or undertakings;
- Review the impact of the risk management framework on its control environment and insurance arrangements; and
- Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

Control Framework

- Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- Consider the effectiveness of Council's internal control systems, including information technology security and control;
- 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;
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour; and
- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

External Accountability

- Satisfy itself that 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.

- Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments.
- To 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.
- Satisfy itself that there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.
- Satisfy itself that there is a performance management framework linked to organisational objectives and outcomes.

Legislative Compliance

- Determine whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.
- Review the results of management's investigation and follow-up of any instances of non-compliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

Internal Audit

- Approve the Internal Audit Charter.
- Be consulted regarding the appointment and removal of the Chief Audit Executive. Ensure there are no unjustified restrictions or limitations.
- 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 Risk Management Plan, and approve the Plan.
- Review and approve all major changes to the Internal Audit Plan. Review the internal audit activity's performance relative to its plan.
- Review with the Chief Audit Executive, the internal audit budget, resource plan, activities and organisational structure of the internal audit function.
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the *International Standards for Professional Practice of Internal Auditing*.
- 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.
- Periodically (and at least bi-annually) review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- Annually review the performance of the Internal Audit function.

- As required, and at least annually, meet separately with the Chief Audit Executive to discuss any matters that the Committee or internal audit believes should be discussed privately.

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 external audit, 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.
- Review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing *Standards*.
- Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.

Responsibilities of Members

Members of the Committee are expected to:

- Understand the relevant legislative and regulatory requirements appropriate to 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.

8. Reporting

The Committee will report regularly, and at least annually to Council on the management of risk and internal controls. The report should include:

- A summary of the work the Committee performed to discharge its responsibilities during the preceding year.
- Details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended.

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

At the first Committee meeting after 30 June each year, Internal Audit will provide a performance report of:

- The performance of Internal Audit function for the financial year as measured against agreed key performance indicators.
- The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.

At the end of term of independent members, the outgoing Chairperson shall provide a comprehensive written status report on the activities undertaken during the Committee's term and the matters they wish to draw to the attention of the incoming Committee for the purposes of planning.

9. Meetings of the Committee

- The Committee is to meet at least four (4) times annually, to coincide with relevant Council reporting deadlines and external auditor visits. An additional meeting will be held to include the review and endorsement of the annual audited financial reports and external audit opinion.
- 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.
- An extraordinary or special meeting of the Committee may be convened at the discretion of the Chairperson, or at a written request of any member of the Committee, internal or external auditor. All the provisions of this Charter concerning the conduct of the Committee shall apply to an extraordinary or special meeting of the Committee.
- A meeting of the Committee may be called by the General Manager where information or material is to hand which, for legislative, policy or emergency reasons, requires the consideration of the Committee prior to the Committee's next scheduled meeting.
- The Agenda and business papers for a meeting of the Committee cancelled or postponed shall carryover to the re-scheduled or next Committee meeting, but may be amended by a subsequent notice and business paper issued. Any agenda items that are not covered at a meeting due to time constraints shall carryover to the next Committee meeting.
- Meetings of the Committee are closed to the public.

10. Conduct at Meetings

Proceedings at all meetings shall be conducted in accordance with the provisions of Council's *Code of Meeting Practice* applicable to meetings of Committees of Council. This includes disclosures of pecuniary and non-pecuniary conflicts of interest.

Voting within meetings will be conducted in accordance with clause 35 of the *Code of Meeting Practice*, which includes;

- That each member is entitled to one (1) vote, and
- That the Chairperson has, in the event of an equality of votes, a second or casting vote to decide the matter

11. Communication by Councillors

Where Councillors wish to refer a matter to the Committee that comes within the roles and responsibilities of the Committee, this may occur as follows:

- A resolution of Council
- Through the Councillor Representatives on the Committee
- Through the General Manager

Where a matter is referred this way, notification will be given to the Chairperson of the Committee, with notification to the Committee Secretariat to include the item on the agenda of the next scheduled meeting of the Committee.

12. Attendance at Meetings and Quorums

A quorum will consist of a majority of Committee members, including at least one (1) independent member. Meetings can be held in person, by telephone or by video conference.

The Chief Audit Executive will be invited to attend each meeting unless requested not to do so by the Chair of the Committee. The Committee may also request the Chief Financial; Officer or any other Council staff to participate for certain agenda items, as well as the external auditor and/or relevant guests.

The General Manager may attend each meeting, however the General Manager will permit the Committee to meet separately with each of the Chief Audit Executive and the External Auditor in the absence of the General Manager and management on at least one (1) occasion per year.

The Chairperson can request that any or all Attendee (Non-voting) or Invitee (Non-voting) persons in attendance vacate the meeting at any stage, with exception of Councillors and the General Manager, with the only exception being under section 376 of the Local Government Act 1993.

13. Secretariat

The Chief Audit Executive is responsible for ensuring that the Committee has adequate secretariat support. The Secretariat will ensure the Agenda for each meeting and supporting business papers are circulated, at least one (1) week before the meeting, and ensure Minutes of the meetings are prepared and maintained.

Within two (2) weeks of the meeting, a copy of the Minutes is to be circulated to all members of the Committee via the Chairperson of the Committee. The approved draft Minutes will be submitted to the next available meeting of Council by the Chairperson of the Audit, Risk and Improvement Committee.

The Minutes and recommendations of the Committee may be submitted to a meeting of Council before the next meeting of the Committee. The recommendations of the Committee shall, so far as adopted by the Council, be resolution of the Council.

It shall be the duty of the Chairperson at the meeting of the Committee to receive and put to the meeting any lawful motion or amendment brought before the Committee. The Minutes of the Committee meeting shall record all decisions of the Committee and shall record all decisions which are determined upon the casting vote of the chairperson.

Any voting member of the Committee may request that their name be recorded in the Minutes of a meeting as having voted against a recommendation of the Committee, and such shall be recorded in the Minutes.

The Committee's Secretariat will maintain a catalogue/record of all Committee meeting matters, accessible at all times by the members of the Audit, Risk and Improvement Committee upon request in relation to a matter before the Committee.

14. Code of Conduct

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. All conflicts of interest will be considered in line with the Code of Conduct.

Committee members must maintain the integrity and security of confidential documents or information in their possession, or for which they are responsible. Committee members have the same obligations and responsibilities as Councillors in respect of records management, as outlined in the Code of Conduct and Councillors Records Management Policy (POL 043).

15. Conference, Training and Travel Arrangements

At the request of the General Manager, independent members of the Committee may be required to attend conferences or training to support their role.

Committee members will be nominated and authorised to attend conferences and training:

- Through a resolution of the Committee endorsed by Council
- The Mayor (or Deputy Mayor) and General Manager jointly where there is insufficient time for consideration by the Committee and Council

In the event that a Committee member authorised to attend a conference is unable to attend, at least two (2) days' notice should be given to the General Manager to enable a substitute delegate to be appointed to attend in his or her place.

Costs associated with training, together with associated travel, accommodation and reasonable incidental expenses will be reimbursed to the Committee member by Council. Travel, accommodation and reasonable costs will be considered in line with

the arrangements available to Councillors outlined in POL 025 Payment of Expenses and Provision of Facilities to the Mayor and Councillors.

16. Induction

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

17. Assessment Arrangements

The Chair of the Committee will initiate a review of the performance of the Committee annually. 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, as determined by the Chair.

18. Review of Audit, Risk and Improvement Risk Committee Charter

At least once every two (2) years the Audit, Risk and Improvement Committee will review this Charter. Any changes to the Charter will be referred to Council for consideration.

Endorsed: Audit Risk and Improvement Committee Meeting, dated 9 February 2018

Approved: Council Meeting, dated 26 February 2018

Revision History

Original Publication Date: November 2009			
<i>Revision</i>	<i>Audit & Risk Committee Meeting Date</i>	<i>Council Resolution</i>	<i>Council Meeting Date</i>
0	29 September 2009	09/184	16 November 2009
1	09 October 2014	15/038	23 February 2015
2	25 February 2016	16/067	29 March 2016
3	6 April 2017	17/122	24 April 2017
4	14 December 2017	Not Adopted	29 January 2018
5	9 February 2018	18/056	26 February 2018