



AUDIT, RISK & IMPROVEMENT COMMITTEE CHARTER

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Public Document

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Sponsorship: Deputy General Manager Corporate, Governance & Community

1 PURPOSE

To identify the role, composition, authority, responsibilities and operation for the Burwood Council Audit, Risk and Improvement Committee (ARIC).

2 OBJECTIVE

The ARIC is to provide independent assurance and assistance to Burwood Council in the effective discharge of its responsibilities for risk management, internal controls, governance, internal audits, organisational performance and external accountabilities.

3 AUTHORITY

The ARIC is established by Council's authority under Section 355 of the *Local Government Act 1993*. Council authorises the ARIC, within the scope of its role and responsibilities, to:

1. Obtain any information it needs from any employee or external party (subject to their legal obligation to protect information).
2. Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations).
3. Request the attendance of any employee or Councillor at ARIC meetings.
4. Obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

4 ROLE AND RESPONSIBILITIES

1. The role of the ARIC is to oversee risk management, compliance, governance, external accountability and the internal control systems on behalf of Council.
2. The ARIC has no executive powers, except those expressly provided by Council.
3. In carrying out its responsibilities, the ARIC must at all times recognise that the primary responsibility for management of Council rests with Council and the General Manager as defined by the *Local Government Act 1993*.
4. The responsibilities of the ARIC may be revised or expanded by Council from time to time.

Specifically, the ARIC's responsibilities are:

Risk Management – oversee Council's risk management arrangements and review whether or not:

1. Council complies with AS/NZS ISO 31000: 2009 Risk Management, Principles and Guidelines, and any other relevant risk management standards.



2. Management has in place a current and comprehensive risk management framework, as well as associated procedures for effective identification and management of business and financial risks, including fraud.
3. A sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
4. A sound and effective approach has been followed in establishing business continuity planning arrangements, including whether or not plans have been tested periodically.

Control Systems – review whether or not:

1. Management has taken steps to embed a culture which is committed to achieving efficient and effective operations in an ethical and lawful behaviour.
2. Management has adequate and effective internal controls in place, including over external parties such as contractors and advisors.
3. Management has in place relevant policies and procedures, and if these are periodically reviewed and updated.
4. Appropriate processes are in place to assess compliance with policies and procedures.
5. Appropriate policies and procedures are in place for the management and exercise of delegations.

External Accountability

1. Be satisfied that the annual financial reports comply with applicable Australian Accounting Standards and are supported by appropriate management sign-off on the statements, as well as the adequacy of internal controls.
2. Review the External Audit opinion, including whether or not appropriate action has been taken in response to audit recommendations and adjustments.
3. Consider contentious financial reporting matters in conjunction with senior management and External Auditors.
4. Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements.
5. Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.

Compliance

1. Determine if management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements.
2. Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

Internal Audit

1. Act as a forum for communication between Council, General Manager, senior management, as well as the Internal and External Audit functions.
2. In partnership with senior management and the Contracted Internal Auditor, develop and authorise the Internal Audit Program, including consideration of risk management issues.
3. Support the independence of the Internal Audit function.
4. Make recommendations to commission audits of any kind.



5. 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.
6. Monitor the acceptance and implementation of Internal Audit recommendations by management.
7. Review the performance of all Contracted Internal Audits on an annual basis.

External Audit

1. Act as a forum for communication between the Council, General Manager and senior management with both the Internal and External Audit functions.
2. Provide input and feedback on the financial statements and performance audit coverage proposed by the External Auditor, and feedback on the External Audit services provided.
3. Review all external plans and reports in respect of planned or completed external audits, and monitor management's implementation of audit recommendations.
4. Consider significant issues arising in relevant reports and better practice guides.

Responsibilities of Members

Members of the ARIC are expected to:

1. Understand the relevant legislative and regulatory requirements appropriate to Burwood Council.
2. Contribute the time needed to study and understand the papers provided.
3. Apply analytical skills, objectivity and sound judgment.
4. Express opinions frankly, ask questions and pursue independent lines of enquiry.
5. Undertake annual performance review of Internal Audit providers engaged by Council in the previous 12 months.

Additional Responsibilities of the Chair:

1. Review draft minutes of meetings and confirm accuracy within 10 working days from distribution.
2. Prepare an annual summary report on activities undertaken by the ARIC by October each year, to be presented to Council at either a formal Council meeting or at a Councillor workshop.

5 MEMBERSHIP AND TENURE OF THE ARIC

Skills and Experience

1. The members of the ARIC, taken collectively, will have a broad range of skills and experience relevant to the operations.
2. At least one external independent member of the ARIC shall have accounting and related financial management experience, as well as an understanding of accounting and auditing standards in a public sector environment.

Membership of the ARIC is by virtue of the appointed position; no delegates of the members are permitted.

Membership

The ARIC will consist of:

Members (voting)

- Two Independent External Members – appointed through merit based selection
- Two Council members – councillors as confirmed by resolution of Council each September at a meeting of Council

Attendees (non-voting) for all agenda items

- General Manager (or delegate)
- Deputy General Manager Corporate, Governance & Community (or delegate)
- Internal Ombudsman (or delegate)
- Internal auditor/s contracted to Council (or delegate/s)

Attendees (non-voting) for specific agenda items

- Representative of external auditor (Audit Office of NSW)
- Other Council directors, managers and / or specialist staff may attend to address agenda items relevant to their areas of responsibility

Selection of Members

The selection criteria and process for the appointment of the independent external members shall ordinarily be as follows:

1. The Council shall seek nominations from persons interested in being appointed to the available position.
2. The eligible persons will be interviewed by a panel that may include the Deputy General Manager and the Internal Ombudsman.
3. Following receipt of recommendations from the above persons, the General Manager may appoint the independent external members.

Term of Office

Independent External Members shall be appointed by resolution of Council for an initial period of at least three years and no more than five years. They must not be employees of Burwood Council or have served as an elected member of Burwood Council in the current or previous term of the Council following general elections.

An Independent External Member may be re-appointed for one further term but shall not serve more than two consecutive terms in either the role of Chair or non-chairing Member. They are eligible under normal circumstances for extension or re-appointment up to a maximum of 8 years of continuous service. Consideration may be given by Council to a part term extension of appointment of up to 12 months to enable Independent External Members to have overlapping terms or to deal with transitional exigencies outside the direct control of Council.

Vacancy/Absence

In the case of resignation from the ARIC by an independent external member, the General Manager will select a new independent member following the process outlined in this Charter.

In the case of resignation by the Chair, the other current serving independent external member will be appointed as Chair.

In the absence of the appointed Chair, the other current serving independent external member shall serve as the Chair for the period of absence of the duly nominated Chair.

Code of Conduct

All members of the Audit, Risk and Improvement Committee are to abide by Burwood Council's Code of Conduct.

Operational Handover

Following the appointment of a new Audit, Risk and Improvement Committee, the outgoing Chair will be invited to attend the first meeting of the new Committee to update the new Chair and independent members on activities undertaken by the Committee in the previous term.

Quorum

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

Proceedings

Meetings

1. The Committee shall meet at least four times a year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion as well as review and endorsement of the annual Internal Audit Plan.
2. Meetings can be held in person, by telephone or by video conference but preferably face-to-face.
3. A forward meeting plan, including meeting dates and agenda items, will be agreed to by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Audit, Risk and Improvement Committee 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.

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

Attendance of Non-Members:

1. The attendance of non-members is subject to invitation by the Chair.
2. Following each internal audit review, the Contracted Internal Auditor will be invited to attend a committee meeting to present the findings of the review.

Conflicts of Interest

1. Committee members must declare any conflicts of interest 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.
2. 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 Audit, Risk and Improvement Committee.

Minutes

1. Secretariat support is provided to the Committee by Council Management.
2. 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.
3. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

Induction

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

Reporting

The Committee shall prepare an annual summary report on activities undertaken by October each year, to be presented to Council at either a formal Council meeting or at a Councillor workshop.

Decision Making / Deliverables

1. The Committee makes decisions by resolutions, which are to be recorded in the minutes.
2. Each member of the Audit, Risk and Improvement Committee shall be entitled to one vote only. In the case of an equality of votes on any issue, the Chair shall have the casting vote.
3. Between meetings, the Chair may circulate to members by email specific proposals for adoption by the Committee. Members shall be given a set time – at least 5 (five) days – in which to reply to indicate their agreement with a particular proposal.
4. A member's failure to respond within the timeframe given shall be taken as a vote against the proposal. Any decision taken by the Committee by email is to be noted and minuted at the commencement of the next meeting.



The Contracted Internal Auditor, External Auditor and Council Officers are not voting members of the Committee.

Review of the ARIC

1. The ARIC shall review the scope and effectiveness of its activities and performance at least every two years.
2. The ARIC shall review the ARIC Charter at least once every year.
3. Amendment of this ARIC Charter is subject to the approval of Council following review and endorsement by the ARIC itself and the Executive Team of Council.