



Audit Risk and Improvement Committee Charter

Canberra Region Joint Organisation



For participating Councils of:

- Goulburn Mulwaree Council
- Snowy Monaro Regional Council
- Upper Lachlan Shire Council
- Yass Valley Council



Table of Contents

1. Objective.....	3
2. Authority.....	3
3. Composition and Tenure	3
4. Role and Responsibilities.....	5
5. Reporting	9
6. Administrative Arrangements	9
7. Code of Conduct	11
8. Review of Audit, Risk and Improvement Committee Charter	11
9. Approval of the Charter	12

1. Objective

The objective of the Audit Risk and Improvement Committee is to provide independent advisory and assurance services to Canberra Region Joint Organisation (CRJO) internal audit, external audit, risk management, compliance, fraud control, financial management and external accountability, governance, strategic planning, service reviews, collection of performance measurement data by the CRJO and opt in Councils and any other matters prescribed by the regulation. The opt in Councils are Goulburn Mulwaree Council, Snowy Monaro Council, Upper Lachlan Shire Council and Yass Valley Council.

2. Authority

CRJO authorises the Committee, within the scope of its role and responsibilities, to:

- 2.1 Obtain any information it needs from any employee or external party (subject to their legal obligations to protect information).
- 2.2 Discuss any matters with the external auditor or other external parties (subject to confidentiality considerations).
- 2.3 Request that the Chief Executive Officer (CEO) organise the attendance of any employee at Committee meetings.
- 2.4 Obtain external legal or other professional advice considered necessary to meet its responsibilities. Prior discussion with the CEO must be undertaken who will determine the appropriateness of any reimbursement if any by the CRJO.

3. Composition and Tenure

The Audit, Risk and Improvement Committee will consist of:

3.1 Members (voting)

The Audit, Risk and Improvement Committee is to comprise of three (3) independent voting members who meet the eligibility requirements for Audit, Risk and Improvement Committee Independent Chairs and Independent Members as outlined in OLG guidelines Circular No.22-21.

The CRJO and opt in Councils will look favourably towards accepting suitably qualified committee members who reside in any of the four Council areas

3.2 Non-Voting Members

Each Council will be entitled to nominate one (1) Councillor as a non-voting member of the Audit, Risk and Improvement Committee who meet the eligibility requirements for non-voting membership as outlined in OLG guidelines Circular No. 22-21.

3.3 Observers (non-voting)

3.3.1 Observers to attend each meeting except where excluded by the Committee: -

- CEO/General Manager
- Audit and Risk Manager

3.3.2 Observers may attend by invitation only as requested by the Committee

- NSW Auditor General (open invitation)
- Opt in Council's senior management
- Risk Management Coordinator
- Council and CRJO staff/contractors
- External experts
- Councillors
- Mayors of opt in Councils
- CRJO Board Chair

3.4 Tenure

Audit, Risk and Improvement Committee members and the Chair are to serve a three-year term. A member's term cannot exceed nine years and the Chair's term cannot exceed six years.

Individuals who have served a nine-year term (either as a member or Chair) must have a three-year break from serving on the committee before being appointed again.

When approving the reappointment or extension of a membership term on the Audit, Risk and Improvement Committee, the governing body of the councils is to consider a formal assessment by the Mayors/Board Chair (in consultation with the General Managers/CEO) of the members or Chair's performance on the committee.

The Councils/CRJO may engage an external reviewer to undertake this assessment if they choose.

When selecting individuals Audit, Risk and Improvement Committee members, the governing body of the Councils and the Canberra Regional Joint Organisation (CRJO) will be required to ensure that the committee as a collective body has the appropriate mix of skills, knowledge and experience to successfully implement its Charter and add value to the Councils and CRJO.

At least one member of the Audit, Risk and Improvement Committee should have accounting or financial management experience with an understanding of accounting and auditing standards in a local government and/or public sector context.

Each individual should also have sufficient time to devote to their responsibilities as an Audit, Risk and Improvement Committee member.

4. Role and Responsibilities

The Committee will act as an advisory committee to Council/CRJO and has no executive powers, except those expressly provided by the Council. In carrying out its responsibilities, the Committee must always recognise that primary responsibility for the management of Councils/CRJO rests with the individual Councils, the CRJO and the CEO/General Manager as defined by the Local Government Act 1993, and associated Regulations.

The Committee will keep under review the opt in Council's and CRJO operations in accordance with Section 428A of the Local Government Act 1993. The responsibilities of the Committee may be revised or expanded by the Council or the CRJO from time to time.

The Committee's responsibilities are to assist the opt in Councils and the CRJO to discharge their responsibilities with due care and diligence in relation to the following items:-

4.1 Internal Audit

- 4.1.1 Provide overall strategic and executive direction for internal audit activities
- 4.1.2 Assess the adequacy and effectiveness of council's internal audit activities
- 4.1.3 Act as a forum for communication between the governing body, general manager, senior management, the internal audit function and external audit
- 4.1.4 Oversee the coordination of audit programs conducted by internal and audits and other service review functions
- 4.1.5 Ensuring council achieves maximum value from its internal audit activities
- 4.1.6 Review the appropriateness of council's Internal Audit Charter, internal audit policies and procedures
- 4.1.7 Review audit/risk methodologies used
- 4.1.8 Review findings/recommendations of internal audit activities, particularly recommendations that have been assessed as the most significant according to the risk to the council if they are not implemented
- 4.1.9 Review the effectiveness of corrective actions implemented
- 4.1.10 Review the performance of the Chief Audit Executive and the internal audit function as part of the council's internal audit quality improvement program
- 4.1.11 Review findings of any external reviews of the internal audit function
- 4.1.12 Endorse the council's Internal Audit Charter, internal audit strategic four-year plan and annual work plan.

4.2 External Audit

Advise on the findings of external audits and monitor the implementation by the Council or CRJO of any external audit issue recommendations for corrective action.

4.3 Risk Management

(Note: Council risk management function resourcing is mandatory from July 2024)

- 4.3.1 Advise whether each Council and the CRJO has provided sufficient resources for risk management and staff are able to carry out their risk management responsibilities.
- 4.3.2 Advise whether the CRJO and opt in Council's risk management framework complies with current Australian risk management standards.
- 4.3.3 Advise whether the CRJO and opt in Council's risk management framework operates effectively and supports the achievement of council's strategic goals and objectives.
- 4.3.4 Advise whether risk management is fully integrated into all aspects of the CRJO and opt in Councils, including decision making processes and operations.
- 4.3.5 Advise whether risks are formally considered when developing and implementing all CRJO and opt in Council policies, programs, projects and other activities, including procurement.
- 4.3.6 Advise whether major risks have been identified and assessed by the CRJO and opt in Councils and appropriate risk treatments have been implemented that reflect CRJO and opt in Council's risk criteria.
- 4.3.7 Advise whether risk information is captured and communicated in a timely manner across the CRJO and opt in Councils, enabling management and staff to carry out their responsibilities.
- 4.3.8 Advise whether the CRJO and opt in Council's risk management policies, procedures and plans are being complied with.
- 4.3.9 Review the appropriateness and effectiveness of the CRJO and opt in Council's internal control framework.
- 4.3.10 Review the appropriateness and effectiveness of the CRJO and opt in Council's risk register and risk profile.
- 4.3.11 Review the appropriateness and effectiveness of the CRJO and opt in Council's risk reports.
- 4.3.12 Review the appropriateness and effectiveness of the CRJO and opt in Council's risk management framework in relation to its insurance arrangements.
- 4.3.13 Review the appropriateness and effectiveness of the CRJO and opt in Council's business continuity plans and natural disaster plans (including periodic testing).
- 4.3.14 Endorse the CRJO and opt in Council's risk management policy, risk management plan and risk criteria prior to their approval by the governing body of the CRJO and opt in Council, and
- 4.3.15 Endorse the CRJO and opt in Council's risk profile and risk register/s prior to their approval by the CEO/general manager.

4.4 Compliance

- 4.4.1 Advise whether management has embedded a culture which is committed to lawful and ethical behaviour.
- 4.4.2 Advise whether the CRJO and opt in Councils have in place necessary policies and procedures and that these are periodically reviewed and updated.
- 4.4.3 Advise whether the CRJO and opt in Councils are complying with all necessary legislation, regulations, policies and procedures.
- 4.4.4 Advise whether management has appropriately considered all legal and compliance risks as part of the CRJO and opt in Council's risk assessment and management arrangements.
- 4.4.5 Advise whether delegations are properly managed and exercised.
- 4.4.6 Advise whether the CRJO and opt in Council's system for monitoring compliance is effective.
- 4.4.7 Review compliance with statutory requirements.

4.5 Fraud control

- 4.5.1 Advise whether the CRJO and opt in Council's fraud and corruption prevention policy, plan and activities are adequate and effective, and
- 4.5.2 Advise whether CRJO and opt in Council has appropriate processes and systems in place to capture and effectively investigate fraud-related information.

4.6 Financial management and external accountability

- 4.6.1 Advise whether the CRJO and opt in Council's financial management processes are adequate.
- 4.6.2 Assess the policies and procedures for CRJO and opt in Council management's review and consideration of the CRJO and opt in Council's current and future financial position and performance and the nature of that review (including the approach taken to address variances and budget risks)
- 4.6.3 Review CRJO and opt in Council's financial statements, including:
 - Provide feedback on CRJO and opt in Council's financial statements.
 - Advise whether appropriate action has been taken in response to audit recommendations.
 - Satisfy itself that the financial statements are supported by appropriate management signoff.

4.7 Governance

- 4.7.1 Advise on the adequacy and robustness of the processes and systems that the CRJO and opt in Councils have put in place to govern day-to-day activities and decision-making,
- 4.7.2 Advise on the adequacy of CRJO and opt in Councils policies, probity and governance framework and
- 4.7.3 Review whether controls over external parties such as contractors and advisors are sound and effective.

4.8 Implementation of Strategic Plan and strategies

Advise whether CRJO and opt in Councils are achieving the objectives and goals it set out in its Community Strategic Plan/CRJO Plan and has successfully implemented its delivery program, operational plan and other resourcing strategies under IPR legislation.

4.9 Service Reviews

- 4.9.1 Advise on how the CRJO and opt in Council are delivering local services and how it could improve its service delivery performance.
- 4.9.2 Oversee the coordination of service review programs conducted on as needs basis by contractors.

4.10 Performance data and measurement

- 4.10.1 Assess the adequacy of the performance indicators and data the CRJO and opt in Councils use to measure performance.
- 4.10.2 Satisfy itself that the CRJO and opt in Councils have a performance management framework that is linked to the organisational objectives and outcomes.

4.11 Responsibilities of Members

Members of the Committee are expected to:-

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

5. Reporting

- 5.1 The Audit, Risk and Improvement Committee is to be advised at each quarterly meeting of the internal audits undertaken and progress made implementing corrective action.
- 5.2 The governing body of the opt in Councils and CRJO Board are to be advised after each quarterly meeting of the Audit, Risk and Improvement Committee of the internal audits undertaken and the progress made in implementing corrective action through a formal monitoring report from the Committee – this report would be for information only and a decision at the council meeting would not be required
- 5.3 The Audit, Risk and Improvement Committee can raise any concerns with the governing body of the opt in Councils and CRJO Board at any time through the Chair.
- 5.4 The Audit, Risk and Improvement Committee is to provide an annual self-assessment (Assurance Report) to the governing body of council and be assessed by an external party at least once each council term as part of the CRJO and opt in Council's quality assurance and improvement program.

6. Administrative Arrangements

6.1 Meetings

The Audit, Risk and Improvement Committee for the CRJO and opt in Councils is to meet at least quarterly over the course of each year. A special meeting may be held, if needed, to review the CRJO and opt in Council's financial statements.

The Audit, Risk and Improvement Committee will also be able to hold additional meetings when significant unexpected issues arise, or the Chair is asked to hold an additional meeting by the majority of Committee members, the General Manager, CEO of the CRJO or the governing body of the Council (by resolution) or CRJO Board. The Chair will be responsible for deciding if an additional meeting will be held.

Any individual Audit, Risk and Improvement Committee member who wishes to meet with the CEO/General Manager, CRJO CEO or governing body of the opt in Council or Board of the CRJO to discuss internal audit issues or any committee roles and responsibilities is to do so through the Chair of the Committee, and vice versa.

6.2 Attendance at Meetings and Quorums

A quorum is to consist of a majority of Audit, Risk and Improvement Committee members. Where the vote is tied, the Chair is to have the casting vote.

Meetings can be held in person, by telephone or by video conference and one meeting annually is to be conducted in person by attendance of all members to the committee.

6.3 Secretariat

The Committee, through the CRJO, will appoint an Officer to provide secretariat support to the Committee. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least seven days before the meeting, and

ensure minutes of the meetings are prepared and tabled at Ordinary Council meetings and CRJO Board Meetings.

6.4 Conflicts of Interest

Committee members must declare any conflicts of interest at the start of each meeting or before the discussion of a relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted. Members are to adhere to Section 180 of the Local Government (General) Regulation 2021.

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 Chairperson of the Committee.

6.5 Access to Council /CRJO staff resources and information

The Audit, Risk and Improvement Committee may on request to General Manager of the Council have access to the senior management, staff, and contractors and that such request should not be unreasonable with-held

The Audit, Risk and Improvement Committee may on request to General Manager of the Council have access to the council resources and information it needs to perform its role.

The Audit, Risk and Improvement Committee may only release Council/CRJO information to external parties with the approval of the General Manager, CEO CRJO. The General Manager/CEO's approval is not required where the information is being provided to an external investigative, audit or oversight agency such as, but not limited to, the Office of Local Government, the NSW Audit Office, the Independent Commission Against Corruption or the NSW Ombudsman for the purpose of informing that agency of a matter that may warrant its attention.

6.6 Disputes

Members of the Audit, Risk and Improvement Committee should maintain an effective working relationship and try to resolve any differences they may have via open negotiation.

However, in the event of a disagreement between the council management and the Chief Audit Executive (for example, about findings or recommendations of audits), it is to be resolved by the Audit, Risk and Improvement Committee.

6.7 Induction

The CEO/General Managers of opt in Councils and CEO of the CRJO is to ensure that each member of the Audit, Risk and Improvement Committee, including new appointments, are provided with a copy of the Charter and a formal induction.

6.8 Dismissal of Committee members and the Chair

The governing body of Councils and Board of the CRJO may terminate the engagement of the Chair or a member of the Audit, Risk and Improvement Committee where the Chair or member has:

- Breached the conditions of the prequalification scheme
- Breached the council's and CRJO Code of Conduct
- Performed unsatisfactorily, or
- Declared, or is found to be in, a position of a conflict of interest which is unresolvable.

Termination can only occur with the approval of the Chief Executive of the Office of Local Government.

6.9 Fees paid to members and the Chair

Fees paid to Audit, Risk and Improvement Committee members and the Chair are to be the same as those currently paid under the NSW Government's prequalification scheme. Members will be able to serve on Audit, Risk, and Improvement Committees on a voluntary basis. The fees payable will be as follows

Chairperson - \$20,920 per annum for up to 7 meetings and an additional \$2,989 per meeting day beyond 7 meetings per annum

Members - \$2,092 per meeting day

7. Code of Conduct

Under s440 Local Government Act 1993, Independent Audit, Risk and Improvement Committee members are subject to and required to comply with the Council's Code of Conduct.

In addition, independent chairs and members are subject to and required to comply with the Code of Conduct Guidelines: Audit, Risk and Improvement Committee Independent Chairs and Members established in accordance with the OLG guidelines.

Complaints or breaches of Council's Code of Conduct will be dealt with in accordance with the Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW.

8. Review of Audit, Risk and Improvement Committee Charter

Audit, Risk and Improvement Committee's Charter is to be reviewed as necessary by the Audit, Risk and Improvement Committee once each council term (i.e. four years) by an external party.

Any change to the Audit Risk and Improvement Committee Charter is by endorsement of the Audit, Risk and Improvement Committee. The Audit Risk and Improvement Committee Charter is presented to CRJO and opt in Council for resolution.

9. Approval of the Charter

Endorsed:

Audit Risk and Improvement Committee

Date: _____

Approved:

CEO/General Manager

Date: _____

Signature: _____