



## **BLAYNEY SHIRE COUNCIL AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER**

### **Objective**

The objective of the Audit, Risk and Improvement Committee (Committee) is to function as an independent and objective assurance activity that provides independent oversight and assistance to improvement of the Blayney Shire Council on risk management, control, governance, and external accountability responsibilities.

### **Selection and Appointment**

All appointments to the Committee shall be made by Council.

Selection of independent external members should be taken in a transparent and unbiased basis. This will encompass call for expressions of interest from interested persons.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Blayney Shire Council. At least one member of the Committee shall have accounting or related financial management experience, with understanding of accounting and auditing standards in a public sector environment.

### **Authority**

The Council authorises the Committee, within the scope of its role and responsibilities, 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 or other professional advice considered necessary to meet its responsibilities.

## **Composition and Tenure**

### Members (voting)

- One Councillor (excluding the Mayor)
- Two independent external members, being community representatives, with demonstrated knowledge / experience in the field of Internal Audit.

### Attendees (non-voting)

- General Manager
- Director Corporate Services as the appointed Secretariat of the Audit, Risk and Improvement Committee
- Risk Officer
- Chief Financial Officer
- Internal Auditor

### Invitees (non-voting) for specific agenda items

- Representatives of the External Auditor.
- Other officers may attend by invitation as requested by the Committee.

The independent external members will be appointed for the term of Council, after which they will be eligible for extension or re-appointment following a formal review of their performance. The term of office of independent external members shall extend until 90 days following a Local Government Election. An independent external member is not eligible for re-appointment after serving for 2 Council terms (a maximum of 8 years).

The Chair shall be an independent member of the Committee.

## **Role 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 1993, as amended.

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 strategic risk management plans 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.

### Internal Control framework

- 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 that 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; and
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

### External Accountability

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and the Local Government Code of Accounting Practice and Reporting, including all relative legislative requirements and supported by appropriate management sign-off on the financial 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 there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations.
- Satisfy itself 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.

#### Internal Audit

- Act as a forum for communication between Council, General Manager, senior management, internal audit and external audit.
- Review the internal audit coverage and internal audit plan, including consideration of the risk management plan to inform internal audit priorities, and approve the plan.
- Consider the adequacy of internal audit resources to carry out its 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.
- Periodically review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place.
- Periodically review the performance of internal audit.

#### 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 external 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.

### Compliance

- Oversee Council's compliance arrangements and:
- Determine if 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.

### Fraud and corruption prevention

- Oversee Council 's fraud and corruption prevention arrangements and:
- Review and discuss with management their philosophy with respect to business ethics and corporate conduct, its written Code of Conduct and the programme it has in place to monitor compliance with that code.
- Monitor the level of and issues raised in relation to Public Interest Disclosures, customer complaints, and internal and external conduct investigations (for example by the Independent Commission Against Corruption).
- Review Council's assessment of the level of exposure to fraud and corruption.
- Review management's strategies and controls to manage fraud and corruption risks.

### Business Improvement

Oversee Council's business improvement activities by:

- Reviewing the overall approach and arrangements in place that support management implementing a successful culture of continuous improvement to drive productivity and efficiency gains;
- Monitoring business improvement initiatives, programmes, projects etc., including:
  - Organisational reviews.
  - Service delivery reviews.
  - Strategic plans.
  - Development of performance criteria / data requirements and the collection of data for performance reporting against such criteria.
- Reviewing the annual performance of Council against its documented key performance criteria and providing advice to the General Manager on the adequacy of Council's performance against the documented criteria;

- Reviewing Council's community survey results and providing advice to the General Manager on the adequacy of Council's performance in terms of community satisfaction; and
- Identifying and recommending to the General Manager Council activities, services, business processes, systems etc. that may benefit from a review, through the Committee's exercise of its functions.

### Accountability

The key requirements are:

- The Committee is accountable for ensuring that it meets the requirements as set out in this Charter;
- All members are accountable to ensure that they abide by the Council Code of Conduct at all times;
- All members are accountable to ensure that they act in accordance with the conflicts of interest section of this Charter;
- All members of the Committee are individually accountable for:
  - Understanding the relevant legislative and regulatory requirements appropriate to Council;
  - Contributing the time needed to study and understand the papers provided;
  - Applying good analytical skills, objectivity and good judgment;
  - Expressing opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.
  - Acting honestly and in good faith;
  - Actively participating in the work of the Committee;
  - Performing their duties in a manner that engenders public trust in the integrity, objectivity, and impartially of the Committee;
  - Conducting the business of the Committee with the care, diligence and skill appropriate to the role;
  - Declaring any change in employment status; and
  - Complying with the Committee's Charter.

### Transparency

- The Committee will provide advice to Management on the public disclosure of records relating to the internal audit function, consistent with relevant legislation (such as The Privacy and Personal Information Protection Act 1998 and the Government Information (Public Access) Act 2009), including the redaction of any sensitive information;
- Due to the inherent risks associated with the disclosure of potentially sensitive and/or confidential information, the Committee will give due

consideration to each item presented at a Committee meeting on a merit (case by case) basis;

- In some instances, the Committee may recommend the non-release, or delayed release, of a particular report, at least until such time as the findings contained within it are sufficiently managed so as not to jeopardise Council's financial, legal, safety or other risks;
- The Committee may seek input or advice from Council's nominated GIPA and PPIPA specialists in relation to any public disclosures; and
- The Committee will ensure that generally, all agendas and minutes of Committee meetings will be made publicly available subject to privacy and confidentiality considerations.

### **Additional Responsibilities of the Chair**

The Chair shall receive additional remuneration to carry out functions of the role. Additional responsibilities of the Chair, while not exhaustive, include:

- Approval of draft meeting minutes;
- Input into Committee agenda;
- Driving the completion of audit program.
- Suggestions for changes/improvements to Charter.
- Timely completion of annual Committee Report.
- Initiation of a periodic review of the effective of the ARIC against its Charter at least once every two (2) years.

### **Reporting**

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

- A summary of the work of the Committee performed to discharge its responsibilities;
- The approved Internal Audit Plan of work for the previous financial year showing the current status of each audit.
- Details of meetings, including number of meetings held during the relevant period, and the number of meetings each member attended.
- An overall assessment of the risk, control and compliance framework including details of any significant emerging risks or legislative changes impacting Council.
- The Committee may, at any time, report to Council any other matter it deems of sufficient importance to do so.

## **Meetings**

The Committee should meet with sufficient frequency to meet its responsibilities (or as required by Council), for the following reasons:

- Create and adopt an internal and external audit schedule for the following 12 months.
- Review the progress of the annual Internal Audit Plan
- Review completed internal and external audit reports.
- Consider management responses to audit issues reported including monitoring and reviewing the implementation of agreed remedial actions.

The need for any additional meetings will be determined by the Chair of the Committee, though other Committee members may make requests to the Chair for additional meetings.

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 Committee Charter.

## **Attendance at Meetings and Quorums**

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

A person/ team conducting the internal audit 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 Director of Corporate Services or the Secretariat of the Committee as appointed or any other employees to participate for certain agenda items, as well as the external auditor.

## **Decision Making and Voting**

The Committee is expected to make decisions by consensus, however if voting becomes necessary then the vote will be by a majority of votes by members present and the details of the vote recorded in the minutes.

## **Secretariat**

The Secretariat is the link between the Committee and the staff of the Council. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, at least 3 business days and no later than Friday prior to the scheduled meeting if on a Wednesday, and ensure minutes of the meetings are prepared and maintained. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.



### **Conflicts of Interest**

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.

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 Committee.

### **Induction**

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

### **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 Chair), with appropriate input from management and any other relevant stakeholders, as determined by the Chair.

### **Review of Audit, Risk and Improvement Committee Charter**

At least once every two years the Audit, Risk and Improvement Committee will review this Audit, Risk and Improvement Committee Charter. The Committee will recommend to Council any changes to this Committee Charter.

<b>Adopted:</b>	<b>Date: 09/05/2011</b>	<b>Minute: 1105/008</b>
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