



Audit Risk and Improvement Committee Charter

Corporate Document

Version: 6/ECM: Document Set Id.: 5247165

Adopted by: Council on 6 June 2017

Ownership: GR.02

TABLE OF CONTENTS

1. Objectives.....	3
2. Authority	3
3. Composition and Tenure.....	3
4. Role and Responsibility	4
5. Reporting.....	6
6. Administrative Arrangements.....	6
7. Amendments	8

1. Objectives

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

2. 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.

3. Composition and Tenure

The Committee will consist of:

3.1 Members (voting)

- 2 x Councillors
- 2 x Independent external members (not a member of the Council).
- Independent external member (an independent to be the chairperson).

When the position of Chair becomes vacant a new Chair will be elected from one of the three independents at the first meeting after the vacancy occurs.

Council will appoint a further Councillor as an alternate Committee Member to sit on the Committee should either of the Council elected Committee members give to the General Manager adequate notice of their impending leave of absence from a meeting to facilitate the alternate member to attend the meeting as a full voting member of the Committee. The alternate to be provided with all documentation forwarded to Committee members in respect of each meeting.

An independent member shall not serve more than two consecutive terms.

3.2 Attendee (non-voting)

- General Manager
- Internal Auditor
- Director Corporate Services
- Chief Financial Officer

3.3 Invitees (non-voting) for specific Agenda items

- Representatives of the external auditor.
- Other officers may attend by invitation as requested by the Committee or General Manager.

The independent external members will be appointed for the remaining term of Council plus one year, after which they will be eligible for extension or re-appointment following a formal review of their performance.

The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of 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.

4. Role and Responsibility

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:

4.1 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, in respect of major projects or undertakings exceeding \$2 million, whether a sound and effective approach has been followed in developing strategic risk management plans.
- 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 business continuity planning arrangements, including whether plans have been tested periodically.

4.2 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 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.

4.3 External Accountability

- Satisfy itself that the annual financial reports comply with applicable Australian Accounting Standards and 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.

4.4 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.

4.5 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 Risk Management Plan, 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.

4.6 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.
- Consider significant issues raised in relevant external audit reports and better practice guides, and ensure appropriate action is taken.
- To be consulted prior to the appointment of audit services.

4.7 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.

Any Committee member or attendee may at least 24 hours prior to the meeting inform the Chair of an item in the agenda of the forthcoming meeting or of an item in addition to current agenda that in their opinion should be best discussed in confidential session. If the Chair considered the item to be within the charter of the Committee and should be confidential the Chair would circulate all members of the committee of a broad description of the item in the name of the Chair. The Committee would then confirm at the meeting that it should be discussed in confidential session. Otherwise the matter could be raised in the other matters item in the agenda and discussed by the whole Committee as to the confidential nature.

5. Reporting

Internal Audit will provide a performance report prior to 31 December each year of:

- The performance of Internal Audit 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.

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.

The Chair of the Committee will provide a briefing to Council on the management of risk and internal controls following the completion of the Annual Internal Audit performance report and after the completion of the Annual Financial Statements.

The minutes of the Committee meetings will be referred to the next Senior Executive meeting for notification or action where appropriate. The minutes of the Committee meeting will be available to Councillors on request, subject to any confidentiality requirements relating to particular items.

6. Administrative Arrangements

6.1 Meetings

The Committee will meet at least four times per year, with one of these meetings to include review and endorsement 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 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 Audit Risk and Improvement Committee Charter.

6.2 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 or by video conference.

The Head of 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 Chief Finance Officer or any other employees to participate for certain agenda items, as well as the external auditor.

The General Manager may attend each meeting and the Committee is able to meet separately with each of the head of Internal Audit and the External Auditor in the absences of management on at least one occasion per year.

Attendance by Committee members is mandatory and failure to attend requires prior approval of leave of absence to be granted by the Chair Committee.

As part of the annual reporting on the Audit Risk and Improvement Committee to Council, a record of attendance for each individual committee member will be incorporated into the report.

6.3 Secretariat

The Committee has appointed the Director Corporate Services to provide secretariat support to the Committee. The Secretariat will ensure that 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. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

6.4 Conflicts of Interest

Councillors, council staff and members of the Committee 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 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.

6.5 Induction

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

6.6 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.

6.7 Review of Audit Risk and Improvement Committee Charter

The Committee will review this Audit Risk and Improvement Committee Charter annually or as directed by the Minister for Local Government or the Minister's authorised officer.

The Committee and Council will approve any changes to this Audit Risk and Improvement Committee Charter.

7. Amendments

Date	Amendment	Reference
3 March 2009	Approved	Council Meeting
15 April 2010	Version 1	Audit Committee Meeting
30 September 2010	Version 2	Audit Committee Meeting
2 November 2010	Version 2	Council Meeting
24 November 2011	Version 3	Audit Committee Meeting
6 December 2011	Version 3	Council Meeting
22 November 2012	Version 3	Audit Committee Meeting
22 November 2013	Version 4	Audit Committee Meeting
16 July 2015	Version 5	Audit Committee Meeting
4 August 2015	Version 5	Council Meeting
6 June 2017	Version 6	Council Meeting