



# Internal Audit, Risk and Improvement Committee Charter

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## 1. Objective

The objective of the Audit, Risk & Improvement Committee (Committee) is to provide independent assurance and assistance to Murrumbidgee 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.
- Receive all information made available to Councillors, including information subject to professional privilege, for any matter under active consideration by the Committee. The release of information to the Committee does not constitute a breach of professional privilege.

## 3. Composition and Tenure

### 3.1 Composition

The Committee will consist of:

#### 3.1.1 Members (voting)

Councillor x 1;

Not less than two, nor more than three, independent external members, one of whom shall be the Chair).

#### 3.1.2 Attendees (non-voting)

Mayor (ex-officio)

General Manager

Finance Manager

#### 3.1.3 Invitees (non-voting) for specific Agenda Items

Representatives of the internal auditor

Representatives of the external auditor

Other officers may attend by invitation, as requested by the Committee.

### **3.2 Tenure**

Councillor/s will be appointed annually at the September Council meeting, to hold office until the commencement of the next September Council meeting, including where a Council election intervenes.

The independent external member/s will be appointed for the term expiring on 31 March next, following the ordinary Council election, 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 the 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.

In making changes to Committee membership, Council will have regard to the benefits of continuity of Committee operations, and the benefits of refreshing membership.

### **3.3 Termination of Membership**

Council may terminate the appointment of an independent external member prior to the end of the appointed term for reasons stated in the notice of termination. A terminated external member shall have the right to be heard at the next Ordinary Meeting of Council.

### **3.4 Remuneration**

Council shall determine the remuneration of independent external members at the time of appointment, having regard to the skills and experience of the member. Such remuneration shall be increased from 1 July in each year at the same rate of increase applicable to Councillors of the Council.

### **3.5 Responsibilities of Members**

Members of the Committee are expected to:

- ☐ Understand the relevant legislative and regulatory requirements appropriate to the Council;
- ☐ Contribute the time needed to study and understand the papers provided;
- ☐ Apply good analytical skills, objectivity and good judgement;
- ☐ Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry;
- ☐ Comply with the Code of Conduct, including declaration and management of conflicts of interest;
- ☐ Complete and lodge disclosure by Councillors and Designated Persons Return.

## **4. 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.

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 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.

### **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 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 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.

#### **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 Contract 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.

#### **4.7 References from Council and the General Manager**

- ☐ To consider, investigate and report on any matter referred to the Committee by Council or the General Manager;
- ☐ Any Councillor may refer any matter at any time to the Chair and, if thought fit, the matter shall be referred to the Committee to consider, investigate and report. Protected disclosures of any type shall be forwarded in accordance with the relevant legislation.

#### **4.8 Other Matters**

The Committee may, at any time, consider any other risk management or good governance 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.

### **5. Reporting**

At the first Committee meeting after 30 June each year, Internal Audit will provide a performance report 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.
- ☐ Minutes of Committee meetings shall be supplied to the next Council meeting, after approval by the Chair;
- ☐ The Committee will report regularly, and at least annually, to the governing body of Council on the management of risk and internal controls;
- ☐ The Committee may make additional reports to Council from time to time on such matters as it deems fit. The Chair shall be entitled to be heard by Council in open or closed meeting upon written request addressed to the Mayor or General Manager.

### **6. Administrative Arrangements**

#### **6.1 Meetings**

The Committee will meet at least three 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 Committee Charter.

All information supplied to the Committee, and the Committee deliberations, will be held in private. All Committee members and attendees are expected to maintain this privacy. The minutes of a meeting forwarded to Council after approval by the Chair are a public document.

No Audit Risk & Improvement Committee private or confidential information may be released to any third party without specific approval of the Chair and Mayor or General Manager.

The Committee shall be entitled to go into closed committee (ie excluding some or all management and non-members) as determined by the Chair, including for the purpose of meeting with representatives of the internal auditors and external auditors.

## **6.2 Attendance at Meetings and Quorums**

A quorum will consist of a majority of Committee members, including at least one independent member. In the absence of the Chair, another independent member shall assume the Chair.

Meetings can be held in person, by telephone or by video conference.

Representatives of the internal auditor 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 Finance Manager or any other employees to participate for certain agenda items, as well as the external auditor.

## **6.3 Secretariat**

The Council shall provide secretarial support to the Committee. 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. Minutes shall be approved by the Chair and circulated to each member within three weeks of the meeting being held.

## **6.4 Conflict of Interest**

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. 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 appointments 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 Committee Charter**

At least once every two years the Audit Committee will review this Audit Committee Charter.

Council agrees not to approve changes to this Charter without prior consideration by the Committee.