

1. Introduction

The Audit, Risk and Improvement Committee (the Committee) has been established to promote the good corporate governance of Wollongong City Council (Council). This Charter sets out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

2. Committee objectives

2.1 The Committee has an important role in the governance framework of Council. Its focus is to provide independent assistance and oversight to Council by monitoring, reviewing and providing advice about the following aspects of Council's operations:

- compliance
- risk management activities and control frameworks
- fraud control prevention strategies and activities
- Internal audit
- governance processes
- implementation of the strategic plan, delivery program and strategies
- service reviews
- collection of performance measurement data.
- external accountability obligations
- any other matter prescribed by the regulations.

3. Authority

3.1 The Audit, Risk and Improvement Committee is an advisory committee, and will provide advice, feedback, and support to Council in developing, implementing and monitoring policies and strategies which relate to the governance of Council.

3.2 The Council authorises the Committee, within the scope of its role and responsibilities, to:

- request any information it needs from any employee and/or external party (subject to their legal obligation to protect information)
- discuss any matters with the external auditor, and internal auditor (subject to confidentiality considerations)
- request the attendance of any employee, including the General Manager, at Committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities. The payment of costs for that advice by Council is subject to the prior approval of the General Manager.

3.3 The Committee does not have decision making authority, the power to bind the Council, nor the power to incur expenditure, subject to clause 3.2.

4. Composition

Members (voting)

4.1 The Committee will consist of five voting members:

- Three external independent members, one of whom will be appointed chairperson.
- Two Councillor delegates

The Council may appoint an alternate Councillor delegate to the Committee to attend meetings in the absence of one or both Councillor delegates. The alternate Councillor delegate will have the same voting rights as the Councillor delegate being replaced.

The Lord Mayor shall not be a voting member of the Committee.

Member skillset

- 4.2 The members of the Committee, taken collectively, will possess broad business, resource management, and public sector experience, functional and operational knowledge of:
- The business environment in which Council operates;
 - governance and financial management of organisations in the public sector (including planning, reporting and oversight);
 - Internal control frameworks and risk management;
 - Strategy development and deployment;
 - Business improvement;
 - Human Resources and performance management frameworks;
 - Public relations;
 - Information technology systems and controls;
 - The roles of internal and external audit;
 - The application of accounting and auditing standards; and
 - Relevant legislative and policy requirements, including financial and performance reporting.
- 4.3 At least one independent member of the Committee must have professional accounting experience with a comprehensive understanding of accounting and auditing standards in a public sector environment.

Ex-officio members and invitees (non-voting)

- 4.4 Council's General Manager, Director Corporate Services, Manager Governance and Information, Manager Finance, and Executive Strategy Manager will attend Committee meetings as ex-officio members and will provide professional advice to the Committee.
- 4.5 The Professional Conduct Coordinator will attend a closed session with no staff present, prior to the commencement of each meeting of the Committee to present a report on all known instances of actual, suspected or alleged fraud affecting Council and how Council responded to such instances. The report must include any changes made to the control environment. The report must also address how Council has fulfilled its fraud reporting obligations in accordance with relevant legislation and regulations.
- The Committee members may invite the General Manager to attend closed sessions with the Professional Conduct Coordinator as required.
- 4.6 Other Council staff, advisors or individuals may attend meetings from time to time to provide expert advice, information, or presentations in relation to Committee business. Attendance of any person at Committee meetings is by invitation and approval of the Committee.

Auditors (non-voting)

- 4.7 Council's external, and internal auditors will be invited to attend all Committee meetings.
- 4.8 Auditors will be invited to meet with Committee members in a closed session with no staff present, prior to the commencement of each meeting of the Committee.

5. Terms of appointment

Independent external members

- 5.1 The independent external members of the Committee will be appointed for an initial term of no less than three years, and up to five years, on a staggered basis to ensure continuity of independent membership is maintained.
- 5.2 At the expiry of the initial term, the independent external member may seek reappointment for a further term subject to a formal review of their performance. The total tenure on the Committee for each independent member will not exceed eight years.
- 5.3 Formal performance reviews, prior to reappointment, will be conducted by the General Manager in consultation with the Committee chairperson and Councillor delegates to the Committee, except in the case of a performance review of the chairperson, which will be undertaken by the General Manager in consultation with the Councillor delegates to the Committee only.

Chairperson

- 5.4 The voting members of the Committee will endorse one of the independent members as chairperson for an initial term of at least three years, with a maximum period of five years.
- 5.5 The term of appointment to the role of chairperson can be extended at the request of the Committee and by the approval of the Council, but any extension must not cause the total term to exceed five years as chairperson of the Audit, Risk and Improvement Committee.
- 5.6 A chairperson's appointment or extension of appointment will be subject to report to, and confirmation by resolution of, Council.

Councillor delegates

- 5.7 Councillor delegates, including the alternate delegate(s), are elected and appointed by the Council for a term determined by the Council, with a minimum term of one year, up to a period equal to the term of the Council.

Vacancies

- 5.8 A vacancy on the Committee may occur upon:
 - the resignation of the member
 - expiry of a term of appointment as outlined in this Part
 - death of the member
 - failure to attend without cause or notice, two consecutive meetings, or
 - removal by resolution of Council.

NOTE: Prior to a member who fails to attend without cause or notice having their position vacated, the General Manager in consultation with the chairperson and Councillor delegates of the Committee must assess that member's performance. A recommendation will be made to the Committee (excluding that member) as to the position being vacated either permanently or temporarily, or other appropriate action to be taken.

- 5.9 Permanent independent member vacancies that occur on the Audit, Risk and Improvement Committee will be filled by:
 - invitations for Expressions of Interest, in accordance with the *Recruitment of External Members to Committees* policy for independent members
 - election and appointment by resolution of Council, for Councillor delegates
- 5.10 Temporary vacancies that occur on the Committee affecting the quorum may be filled by a suitably

qualified person, appointed by the General Manager following consultation with the Committee chairperson and/or Councillor delegates on the Committee.

6. Responsibilities and functions

The responsibilities and functions of the Audit, Risk and Improvement Committee are to review the following aspects of Council's operations:

Compliance and Governance processes

The Committee will:

6.1 Review Council's approach to:

- Managing conflicts of interests
- Monitoring the policy register and policy review timeframes
- Monitoring the implementation of resolutions of Council
- Secondary employment policies
- Corruption risk management
- Developing and maintaining staff awareness of ethical conduct, risk management and corruption prevention
- Complaint management policies and practices
- Management of significant compliance and ethical issues as well as independent investigations and disciplinary action in relation to non-compliance or unethical behaviour
- Review of management disclosures in financial reports of the effects of significant compliance issues
- Ensuring internal audit activity considers assessing compliance and ethics risks in the Internal Audit plan.

6.2 Review and provide advice to management on a framework for promoting and achieving ethical conduct by Council and Council employees.

6.3 Review Management's approach to embedding a culture of ethical and lawful behaviour across the Council.

6.4 Review Council's Codes of Conduct at regular intervals to ensure consistency with the model Code of the Office of Local Government.

Risk management and fraud control

6.5 The Committee is to provide assurance to Council that a comprehensive risk management framework is in place and management has a program to manage all significant risks by identification, prioritisation, and implementation of strategies, and that there are clear and specific internal accountabilities for individual Managers.

6.6 The Committee will closely monitor the risk management program to ensure a strong focus by management.

6.7 In particular, the Committee will:

- Review reports on risk assessments and controls
- Review risk management policies and procedures
- Review the risk management systems and compliance processes for adequacy
- Ensure that risk assessments are reviewed by Executive Management when there are significant changes to work practices.

- Ensure that Council has adequate Fraud prevention strategies in place, including review of the Fraud and Corruption Control Plan
- Receive reports on the findings of matters investigated by the Professional Conduct Coordinator in relation to:
 - i. fraud
 - ii. corrupt conduct
 - iii. maladministration
 - iv. serious and substantial waste of public money
 - v. breaches of the Government Information (Public Access) Act 2009, and
 - vi. breaches of the pecuniary interest rules applying to NSW Local Government.

Implementation of the strategic plan, delivery program and strategies

- 6.8 Monitor the development of Council's Operational Plan.
- 6.9 Review and monitor progress of Council's Delivery Program.
- 6.10 Review and monitor Council's progress against the long term Community Strategic Plan.

Performance measurement, service reviews, and improvement

The Committee will:

- 6.11 Satisfy itself that Service Reviews are being carried out by Council in line with the Office of Local Government principles for Service Reviews.
- 6.12 Have oversight of the performance improvement functions of the organisation including:
 - Collecting performance measurement data
 - reviewing Council's progress against key performance indicators documented in the Operational Plan and other sources
 - providing advice to the General Manager on the adequacy of Council's performance against key performance indicators
 - Identifying and recommending to the General Manager Council services or business processes that may benefit from review through the Committee's exercise of its functions.

External accountability

Financial management

- 6.13 The Committee will advise Council whether the financial information reported by management reasonably portrays Council's financial position, results of operations and significant commitments. In fulfilling this responsibility the Committee will:
 - Review quarterly financial statements and consider whether they are complete and consistent with information known to Committee members
 - Review the annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting policies and principles
 - Review and monitor Council's financial performance against the Budget as approved by Council, both operating and capital budgets, to achieve budget balance
 - Review long term financial strategies developed by management
 - Review any project proposals which involve significant expenditure or joint project delivery (eg joint venture)

Internal and External Audit

- 6.14 The Committee will have oversight of the functions of both internal audit and external audit, including where appropriate:
- Appointment and removal of Internal Auditors
 - Internal auditor engagement letters
 - Coordination of audit activities
 - Monitor audit results and follow up activities
 - Review of auditor performance
 - Annual review of the Internal Audit Charter
- 6.15 In fulfilling these responsibilities the Committee will:
- Recommend to Council the appointment of the internal auditor. Appointments are to follow competitive selection processes involving the Committee
 - Consider, approve and monitor the annual audit plan for internal audit activities
 - Ensure that all systems, processes, operations, functions, and activities of Council are subject to internal audit evaluation at regular intervals based on risk assessment
 - Consider the requirement for special audits and performance audits in consultation with the General Manager
 - Monitor, through the results of internal and external audits, the internal auditor's review of the adequacy and effectiveness of Council's internal control structure. This will include review of management responses to audits
 - Review Council's risk profile as developed by the Internal Auditor. The Committee will monitor the performance of management in dealing with risk
 - Review audit reports and the practicality of any recommendations. The Committee will receive reports on the implementation by management of recommendations of audit reports
 - Review the external auditor's management letter and management's response to that letter
 - Provide input and feedback on external audit coverage and performance.

Other functions

- 6.16 The responsibilities and functions of the Audit, Risk and Improvement Committee in relation to the Annual Review of Performance of General Manager are to ensure that the review is undertaken by the Performance Review Committee and that Committee members are available for advice on governance issues, if required.
- 6.17 In addition to the specific functions listed in this Charter, the Committee is to undertake other activities related to its responsibilities as prescribed by legislation, regulations or as requested by Council from time to time.

7. Responsibilities of members

- 7.1 Members of the Audit, Risk and Improvement Committee, in performing their duties, are expected to:
- i Act honestly and in good faith
 - ii Perform their duties in a manner that ensures public trust in the integrity, objectivity, and impartiality of the Committee
 - iii Make themselves available as required to attend and participate in meetings
 - iv Contribute the time needed to study and understand the papers provided
 - v Apply good analytical skills, objectivity and good judgement

- vi Comply with Council's Codes of Conduct.
- vii Comply with the Audit, Risk and Improvement Committee Charter
- viii Advise of any change in employment status

Specific responsibilities of the chairperson

- 7.2 The chairperson will manage the Committee with the following specific duties and responsibilities:
- i Act as chair, unless absent, at all meetings of the Committee
 - ii set the agenda for each meeting of the Committee
 - iii be responsible for the management, the development and effective performance of the Committee
 - iv act in an advisory capacity to the General Manager in all matters relating to the Committee
 - v assist the Committee in the discharge of its mandate and responsibilities
 - vi ensure the purpose, membership and operation of the Committee is effective and to make appropriate by conducting an annual review of the Committee, including surveys of its members and relevant management
 - vii Ensure the Committee reviews its Charter as required by Section 9
 - viii Prepare and present regular, and at least annual, reports to the Council on the activities of the Committee and make recommendations as required
 - ix Assist with Councillor inductions relating to the role and responsibilities of the Committee
 - x Any other duties and responsibilities set by the Council.

8. Reporting

- 8.1 The minutes of meetings will be provided to Councillors and Council's Executive Management for information. Minutes will also be distributed to all Committee members.
- 8.2 Advice and decisions of the Committee relating to specific Council projects will be reported to Council as part of the project reporting process.
- Any matters arising that require a separate decision of Council may be reported to Council at the discretion of the Manager Governance and Information.
- 8.3 The Committee will regularly, but at least once a year, report to the Council on its operation and activities during the year. The report should include:
- i an overall assessment of the Council's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the Council
 - ii a summary of the work the Committee performed to fully discharge its responsibilities during the preceding 12 month period
 - iii details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended
 - iv a summary of the Council's progress in addressing the findings and recommendations made in internal and external reports
 - v a summary of the Committee's assessment of the performance of internal audit.
- 8.4 The Committee's annual report will form part of the Council's annual report.
- 8.5 The Committee may, at any time, report to the Council 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 General Manager.

9. Administrative arrangements

Meetings

- 9.1 Committee meetings will be held at least quarterly, one of which will consider the annual financial statements of the Council.
- 9.2 The chairperson is required to call a meeting if requested to do so by the General Manager, or another Committee member.
- 9.3 A meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The meeting plan will cover all of the Committee's responsibilities as detailed in this Charter.

Attendance at meetings and quorums

- 9.4 A quorum will consist of three voting Committee members. A quorum must include at least two independent members.
- 9.5 While it is the responsibility of members to attend and participate in meetings as required, Committee members who, with good reason, cannot attend a meeting in person have an option to participate through tele/video conference, subject to the following conditions:
 - i The chairperson must be physically present in order to chair the meeting
 - ii Independent members must advise the chairperson and relevant Council staff prior to the meeting, so that appropriate arrangements can be made
 - iii Members who participate via teleconference or other remote means, subject to the above conditions, will have it noted in the Minutes
 - iv Council staff will not provide support services to non-Council equipment used by members during any teleconference.

Voting

- 9.6 Voting at a Committee meeting is to be by open means, such as by voice or a show of hands.

Dispute resolution

- 9.7 Members of the Committee and Council's management will strive to maintain an effective working relationship, and seek to resolve differences by way of open negotiation. However, in the event of a disagreement between the Committee and management, including the General Manager, the chairperson may, as a last resort, refer the matter to an appropriately qualified member of the Council appointed Code of Conduct Review panel, to be dealt with independently.

Secretariat

- 9.8 A staff member will be appointed to provide secretariat support to the committee.
- 9.9 The secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chairperson, at least five calendar days before the meeting,
- 9.10 The secretariat will ensure the minutes of the meeting are prepared and maintained. Minutes must be approved by the Chairperson and circulated within one week of the meeting to each member as appropriate.

Agendas and business papers

- 9.11 A Draft Agenda will be prepared and discussed with the Committee Chairperson prior to the Business Paper production.
- 9.12 The close off for submission of Agenda items is 12 noon, 14 calendar days prior to the meeting.
- 9.13 The final Agenda and Business Paper will be provided to Committee members at least five calendar days prior to the meeting.
- 9.14 Committee members, in Closed Session with no staff present, will receive and discuss a report from the

Professional Conduct Coordinator on all suspected and actual fraud, theft or breaches of laws.

- 9.15 Committee members are able to discuss the Agenda and Business Paper informally prior to each meeting.
- 9.16 The Council-appointed chairperson will chair Meetings. If the chairperson is absent from a meeting, the first business of every such meeting is to elect a chairperson from the Independent members present to preside over the meeting.
- 9.17 The Committee has an advisory role to Council and will make recommendations by consensus. In the absence of consensus, advice from the Committee may be presented with supporting and dissenting views of Committee members.

Privacy and conflict of interests

- 9.18 The Committee will comply with Council policies in relation to confidentiality, privacy and reporting. Members of the Committee will not disclose matters dealt with by the Committee to third parties except with the approval of the Committee.
- 9.19 A member of the Committee who has a perceived or actual conflict of interest in any matter before the Committee must disclose the nature of the conflict to the meeting as soon as practicable and must not be present at, or in sight of, the Committee meeting:
- at any time during which the matter is being considered or discussed by the Committee, or
 - at any time during which the Committee is voting on any question in relation to the matter.
- 9.20 This Clause does not apply where the member's interest in a matter is of a kind referred to in Section 448 of the *Local Government Act*.

Induction

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

Assessment arrangements

- 9.22 The General Manager, in consultation with the Chairperson of the Committee, will establish a mechanism to review and report on the performance of the Committee, including the performance of the Chairperson and each member, at least annually. The review will be conducted on a self-assessment basis (unless otherwise determined by the Council) with appropriate input sought from the General Manager, the internal and external auditors, management and any other relevant stakeholders, as determined by the General Manager.

Review of Charter

- 9.23 As required, and at least every two years, the Committee will review this Charter. This review will include consultation with the General Manager.
- 9.24 Any substantive changes to this Charter will be recommended by the Committee and formally reported to Council for adoption.

10. Remuneration

- 10.1 The independent members of the Committee will be entitled to remuneration on the basis of a fee determined by Council.
- 10.2 The fee will include all expenses incurred by the independent members in relation to their responsibilities as members of the Committee, including travel costs, attendance at inductions, training and personal development opportunities.
- 10.3 The fee will be payable following each meeting of the Committee, and upon receipt of an invoice.
- 10.4 In the absence of the Council appointed chairperson at a meeting, the Committee member who chairs the meeting will be paid the usual Committee member fee.

Related Council documents

- Codes of Conduct
- Conflict of Interests policy
- Gifts and Benefits policy
- Privacy Management Plan
- Internal Audit Charter
- Recruitment of External Members to Committees policy

SUMMARY SHEET

SUMMARY SHEET	
Responsible Division	Governance and Customer Service
Date endorsed by Committee	New
Date adopted by Council	25 June 2018
Date of next review	June 2020
Legislative or other requirement for review	<ul style="list-style-type: none"> → Bi-annual review by Committee (policy) → Review for adoption by each Term of Council (policy)
Responsible Manager	Manager Governance and Customer Service
Authorised by	Director Corporate Services
Date of previous adoptions/reviews	Summary of amendments