



Queanbeyan–Palerang Regional Council

**Audit Risk and Improvement
Committee Charter**

Adopted 443/23
25 October 2023

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1. Introduction

- 1.1 The Audit Risk and Improvement Committee (Committee) plays an important role in providing oversight of Queanbeyan–Palerang Regional Council governance, risk management, compliance and control practices. The Committee also serves to provide confidence in the integrity of practices to enable achievement of Council's strategic objectives.
- 1.2 This charter provides the framework for performance of Committee activities.

2. Mandate

- 2.1 The mandate for establishment of the Committee is derived from Part 428A of the *Local Government Act 1993 No 30* (NSW). This requires Committee coverage to include:
 - Compliance.
 - Risk management.
 - Fraud control.
 - Financial management.
 - Governance.
 - Implementation of the strategic plan, delivery program and strategies.
 - Service reviews.
 - Providing information to the Council for the purpose of improving the Council's performance of its functions.
 - Any other matter prescribed by the regulations

3. Purpose

- 3.1 The purpose of the Committee is to provide independent assurance to QPRC by monitoring, reviewing, and providing advice about Council's governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

4. Role

- 4.1 The Committee fulfills its responsibilities under section 428A of the Act and supports the Council by:
 - Reviewing effectiveness of governance, risk management, compliance, and control.
 - Reviewing the financial statements and performance reporting.
 - Promoting improved economy, efficiency, effectiveness, and ethical culture.
 - Reviewing reliability of management information.
 - Monitoring and evaluating internal audit performance.
 - Reviewing effectiveness of fraud control measures.
 - Monitoring compliance with laws, regulations, standards, and good practice.
- 4.2 This requires Committee oversight to encompass the broad range of functions and activities related to governance and assurance including, but not limited to:
 - Governance.
 - Risk management.
 - Controls.

- Financial management, accounting policies, financial statements and annual reporting.
- External audit.
- Internal audit.
- Compliance.
- Implementation of audit recommendations.
- Ethics and organisation culture.
- External accountability.
- Fraud and corruption control.
- Business continuity management including ICT disaster recovery arrangements.
- Security including physical security, cybersecurity and ICT security.
- Legal issues.
- Complaint management.
- Organisation performance and management reporting.
- Work health and safety.
- Environmental management.
- Major projects and business initiatives.
- Regulator activities.
- Response to significant government enquiries.

The committee has no power to direct external audit or the way it is planned and undertaken but will act as a forum for the consideration of external findings.

5. Authority

5.1 The authority of the Committee to perform its role is established within the scope of this charter. In discharging its responsibilities, the Committee shall have:

- No executive powers delegated financial responsibility or management functions.
- Direct and unrestricted access to the General Manager, Directors, and Managers.
- Seek the General Manager or relevant director's permission to meet with any other staff member or contractor.
- Access to records, data, and reports, subject to any legal information protection or privacy requirements.
- Authority to discuss any matters with the external auditor or other external parties, subject to confidentiality considerations.
- The right to request attendance of management at Committee meetings.
- The right to obtain external legal or other professional advice, subject to prior approval of the Council.

5.2 The Committee may engage independent advisers to assist with its duties if agreed by the General Manager.

5.3 Information and documents pertaining to the Committee are confidential and are not to be made publicly available, except for Committee minutes. Information may be considered being made publicly available as determined on a case-by-case basis in accordance with relevant legislation.

5.4 If the governing body requires additional information a request for the information may be made to the Chair by resolution. The Chair is only required to provide the information requested by the governing body where the Chair is satisfied that it is reasonably necessary for the governing body to receive the information for the purposes of performing its functions under the *Local Government Act 1993* as

amended. Individual councillors are not entitled to request or receive information from the committee.

- 5.5 The Committee may release information to external parties that are assisting the Committee to fulfil its responsibilities with the approval of the General Manager, except where it is being provided to an external investigator or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

6. Committee Composition

- 6.1 Committee membership comprises:

- An independent Chair external to the organisation (voting)
- A maximum of two independent members external to the organisation (voting)
- A non-voting councillor member (excluding the Mayor).

- 6.2 The Chair and members are appointed by the Council.

- 6.3 All members (voting and non-voting) must meet the eligibility criteria set by the Office of Local Government as prescribed in the Guidelines for risk management and internal audit for local government in NSW.

The role of a non-voting governing body elected representative on the committee is to:

- Relay to the committee any concerns the governing body may have regarding the council and issues being considered by the committee
- Provide insights into local issues and the strategic priorities of the council that would add value to the committee's consideration of agenda items
- Advise the governing body (as necessary) of the work of the committee any any issues arising from it, and
- Assist the governing body to review the performance of the committee.
- Act in a non-partisan and professional manner and to not engage in any conduct that seeks to politicise the activities of the committee or the internal audit function or that could be seen to do so.

- 6.3 The Committee is supported by non-voting advisers/observers comprising the Director Corporate Services, the Manager Workplace and Performance, the Manager Finance, the Risk and Internal Audit Coordinator, the Internal Audit representative and a representative from the external auditor.

- 6.4 The Mayor and Councillors not serving on the Committee may attend Committee meetings as observers and to contribute insights to assist Committee deliberations.

- 6.5 The Chair may invite visitors to meetings as necessary to address matters on the agenda.

- 6.6 The Committee is a skill-based governance committee. Members should collectively possess sufficient knowledge of governance, assurance, audit, finance, information technology, legislation, risk management, compliance and control in addition to any special attributes relevant to the Council or its industry. Members of the Committee should have senior management experience in a relevant environment.

- 6.7 As the responsibilities of the Committee evolve in response to regulatory, economic and reporting developments, it is important that member competencies and the overall balance of skills on the Committee be periodically evaluated to respond to emerging needs.

7. Terms of Appointment

- 7.1 Committee appointments will be made by the Council.
- 7.2 Appointments to the Committee may be for an initial period of up to four years, however, membership will be staggered to enable continuity of knowledge.
- 7.3 Terms and conditions of appointment for voting members will be set out in a letter of appointment.
- 7.4 Members are eligible to be reappointed, based on performance and as approved by the Council. However, the total period of continuous membership cannot exceed eight years (including any terms as Chair of the Committee).
- 7.5 Members who have served an eight-year term must have a two-year break from serving on the Committee before being appointed again, provided eligibility criteria is met.
- 7.6 The Council will appoint one independent member to be the Chair and one independent member to be deputy Chair of the Committee. Independent members must be external to the Council.
- 7.7 Committee membership will be periodically reviewed in line with the policy for Council and sub-committee appointments.
- 7.8 Membership of the Committee comprises personal membership—proxies are not permitted.

8. Quorum

- 8.1 The quorum for the Committee shall be a majority of voting members at the relevant time.

9. Operational Principles

9.1 Committee values

Committee members will conduct themselves in accordance with the Council Code of Conduct.

9.2 Communications

All communication with management and staff, as well as with any advisers, will be direct, open and complete. The Chair will be the Committee link to the Council.

It is important the Committee Chair and members develop, establish and maintain an effective working relationship with the Council and executive management.

Any concerns or differences should be resolved by way of open negotiation, with the final arbiter being the Council.

9.3 Induction

New Committee members will receive information and briefings on the work of the Committee to assist them in meeting their responsibilities. Inductions for new Committee members will be arranged by the secretariat.

9.4 Preparation and attendance

Committee members have an obligation to prepare for and actively participate in Committee meetings. This requires members to contribute the time needed to study and understand the papers provided for meetings. Members are expected to apply good

analytical skills, objectivity and judgment, express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

9.5 Conflicts of interest

Committee members will provide written declarations to Council stating that they do not have any conflicts of interest that would preclude them from being members of the Committee on an annual basis.

Committee members and observers must declare any pecuniary or non-pecuniary conflicts of interest that they may have at the start of each meeting, before discussion of the relevant agenda item or issue, and when the issue arises.

Where committee members and observers are deemed to have a pecuniary or a significant non-pecuniary conflict of interest, they are to remove themselves from Committee deliberations on the issue. Details of any conflicts of interest should also be appropriately minuted.

A conflict of interest relates to any actual, potential or perceived conflict of interest.

A register of interests of Committee members will be maintained by QPRC to demonstrate transparency.

10. Operational Procedures

10.1 Meetings

The Committee shall meet at least four times each financial year and more frequently if the Council deems it necessary. A special meeting may be convened to review the financial statements or external audit management letter and opinion, or if a significant unexpected issue arises.

Meetings may be held in person, by teleconference or by videoconference.

10.2 Committee work plan

A forward work plan, including meeting dates and agenda items that ensure the Committee achieves all of its functions, will be agreed by the Committee at the beginning of each financial year.

10.3 In camera sessions

The Committee will meet privately:

- at least twice each financial year with the Risk and Internal Audit Coordinator;
- at least twice each financial year with the internal auditor; and
- at least once each financial year with the external auditor.

10.4 Dispute resolution

In the event of a disagreement between the Committee and the General Manager or other senior managers, the dispute is to be resolved by the governing body.

Unresolved disputes regarding compliance with statutory or other requirements are to be referred to the Departmental Chief Executive in writing.

10.5 Secretariat services

Council will provide secretariat services for the Committee. The meeting agenda and supporting papers will be approved for distribution by the Chair and distributed by the secretariat at least five working days before each meeting. Meeting minutes will be prepared and distributed within 10 working days of each meeting.

11. Committee Reporting

11.1 The Committee through the Chair reports directly to the Council.

11.2 The Committee must ensure it maintains a direct functional reporting line for the internal auditor.

11.3 The Chair will meet with the Council on Committee outcomes at least annually.

11.4 The Committee through the Chair may report to the Council on any matters at any time it deems of sufficient importance to do so, with a process established to allow an individual Committee member to request a meeting with the Council should the member consider it warranted.

11.5 The Committee will provide the Council with an annual report at conclusion of each financial year on its operations, activities, outcomes and achievements, together with focus areas for the coming financial year.

12. Evaluation of Performance

12.1 Committee performance will be evaluated at least every two years, with results reported to the Council.

12.2 The method for Committee performance evaluation will be at the discretion of the Council.

13. Resignation and dismissal of members

13.1 Where the Chair or a Committee member is unable to complete their term, or does not intend to seek reappointment after the expiry of their term, they should give at least two meetings' notice to the Chair and Council prior to their resignation to enable Council to ensure a smooth transition to a new committee member, unless there are extenuating circumstances.

13.2 Council may terminate via resolution the engagement of any Chair or independent committee member before the expiry of their term where the individual has:

- breached Council's Code of Conduct
- performed unsatisfactorily or not to expectations
- been declared bankrupt or found to be insolvent
- experienced an adverse change in capacity or capability
- been proven to be in serious breach of their obligations under any legislation, or
- declare, or is found to be in a position of conflict of interest, which is unresolvable.

13.3 Any position of a Councillor member on the Committee can be terminated at any time by resolution of Council.

13.4 The Chair of the committee may recommend the removal of an elected representative committee member. Where Council does not agree with the Chair's recommendation, the reasons for this decision must be provided in writing to the Chair.

14. Review of the Charter

14.1 The Committee will review its Charter each financial year to incorporate any amendments deemed appropriate.

15. Approval of the Charter

Endorsed: Committee meeting held 18 September 2023
Audit, Risk and Improvement Committee

Approved: Ordinary meeting of Council held 25 October 2023
Queanbeyan–Palerang Regional Council