



Riverina Water County Council

AUDIT AND RISK COMMITTEE CHARTER

Version History

Version	Date	Person(s)	Change
V. 1		Manager Internal Audit Services	Original version
V. 2	November 2015	General Manager	11 Dec 2015

1. Status and Name:

- (1) The Committee shall be known as “Riverina Water County Council Audit and Risk Committee” (hereinafter referred to as “The Committee”).
- (2) This Committee is an advisory Committee to Riverina Water County Council (hereinafter referred to as “the Council”) pursuant to and in accordance with provisions contained in Section 355 the Local Government Act 1993, and the Local Government (General) Regulations 2005.

2. Established:

The Committee was established by Council Res 12/08 on 22 February 2012.

3. Objective:

The objective of the Committee is to provide independent assurance and assistance to the Council on risk management, control, governance, and external accountability responsibilities.

4. Authority:

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 following consultation with Council.

5. Composition and Tenure:

5.1 The Committee will consist of:

a) Members (voting)

- One (1) Councillor of Riverina Water County Council (with an alternate to be appointed)
- Two (2) independent external members (one of whom to be elected Chairperson)

b) Attendee (non-voting)

- General Manager
- Manager Internal Audit Services
- Manager Finance and Administration

c) Invitees (non-voting) for specific Agenda items

- External Auditor (or representative) to attend at the discretion of the Committee but must attend meetings considering the draft financial statements and external audit opinion.
- Other officers may attend by invitation as requested by the Committee.

5.2 The General Manager or his/her delegate shall be entirely responsible for:

- (a) the appointment or removal of all staff (either permanent or temporary) appointed as non-voting members to the Committee,
- (b) Direction of any staff member attending the Committee.

5.3 Selection of Members of the Committee

- (a) Councillor members shall be elected by the Council.
- (b) External independent persons will be appointed by way of a public advertisement. The members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Riverina Water County Council including accounting, internal or external auditing, strategic risk management, insurance, senior business experience, legal or financial management. 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.

The evaluation of potential members will be undertaken by the Council Chairperson and the General Manager taking account of the experience of candidates and their likely ability to apply appropriate analytical and strategic management skills, and a recommendation will be put to Council.

6. Term of Office:

- (1) The Committee may be dissolved by resolution of the Council at any time but otherwise shall cease to hold office at the next general election of the Council following its appointment.

- (2) A Committee may be re-appointed with amendment or otherwise, by the Council following a general election.
- (3) The Council reserves the right to determine the appointment of all members of the Committee.

7. Vacation of Office:

- (1) The office of an elected, appointed or representative member of the Committee shall become vacant:-
 - (a) Upon his/her death.
 - (b) If she/he becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration for their benefit,
 - (c) If she/he becomes mentally incapacitated person
 - (d) If he/she resigns his/her membership by notice in writing to the Committee.
 - (d) If he/she is absent for more than three (3) consecutive meetings without prior leave of the Committee.
 - (e) If she/he ceases to be a member of the organisation which he/she represents.
 - (f) If he/she holds any office of profit with the Council.
 - (g) If she/he commits any breach of this Charter.
 - (h) If he/she is convicted of any indictable offence or of any summary offence related to dishonesty.
 - (i) If he/she is disqualified or dismissed from holding civic office.
 - (j) If the Committee is dissolved by the Council.
 - (k) If the position is used for any pecuniary interest of the individual.
 - (l) On the retirement of the Council.
- (2) Where such person was directly appointed by the Council, the vacancy shall be filled by the Council.

8. 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:

8.1 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.

8.2 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.

8.3 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.

Guidelines under section 23A of the Local Government Act 1993 September 2010 55

8.4 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.

8.5 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.

8.6 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.

8.7 Responsibilities of Members

Members of the Committee are expected to:

Understand the relevant legislative and regulatory requirements appropriate to Riverina Water County 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.

Guidelines under section 23A of the Local Government Act 1993 September 2010 56

9. 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.

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 Committee will report regularly, and at least annually, to the governing body of council on the management of risk and internal controls.

10. Administrative arrangements:

10.1 Meetings

The Committee will meet four (4) times per year, with one of these meetings to include review and endorsement of the annual audited financial reports and external audit opinion.

An extraordinary or special meeting of the Committee may be convened at the discretion of the Chairperson, or at a written request of any member of the Committee, internal or external auditor. All the provisions of this Constitution concerning the conduct of the Committee shall apply to an extraordinary or special meeting of the Committee.

A scheduled meeting of the Committee cannot be cancelled or postponed to another time and or date except;

- (a) Where a quorum is not, or will not be, present; or
- (b) Where the General Manager, after consultation with, and the agreement of, the Chairperson determines that there is no or insufficient information, reports or correspondence available for submission to the Committee.

A meeting of the Committee may be called by the General Manager where information or material is to hand which, for legislative, policy or emergency reasons, requires the consideration of the Committee prior to the Committee's next scheduled meeting.

10.2 Voting at meetings

- a) Voting on all matters shall be on the voices except where the Chairperson otherwise determines or a challenge to voting is made, in which case the voting shall be by show of hands
- b) Each member of the Committee entitled to vote, shall have one vote, provided that in the event of an equality of votes, the Chairperson presiding at the meeting shall have a casting vote as well as an original vote.
- c) A proposition which receives a majority of votes (i.e. more than half) of the voting members present shall be a decision of the Committee.
- d) It shall be the duty of the Chairperson at a meeting of the Committee to receive and put to the meeting any lawful motion or amendment brought before the Committee.
- e) The Minutes of the Committee meeting shall record all decisions of the Committee and shall record all decisions which are determined upon the casting vote of the Chairperson.
- f) Any voting member of the Committee may request that their name be recorded in the Minutes of a meeting as having voted against a recommendation of the Committee, and such shall be recorded in the Minutes.

10.3 Attendance at Meetings and Quorums

A quorum shall comprise a majority of the appointed voting members of the Committee, providing always that the Councillor member of the Committee shall be present throughout the conduct of the meeting. Meetings can be held in person, by telephone or by video conference.

Should a quorum not be present at the start of, or during, any meeting, the voting members present may decide that the Agenda items continue to be discussed, however any agreement or decision so made shall be recorded in the Minutes as "No quorum - decision of the members present", and not as a recommendation of the Committee.

The names of the Committee members present, whenever a quorum is not present, shall be recorded in the Committee minutes, and the reason as to why a quorum was not present.

The Committee may request any employees to participate for certain agenda items, as well as the external auditor.

The General Manager may attend each meeting but will permit the Committee to meet separately with each of the Manager Internal Services and the External Auditor in the absence of management on at least one occasion per year.

10.4 Secretariat

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 Chairperson and circulated to each member within three weeks of the meeting being held.

Minutes of the Committee meeting should be submitted to a meeting of Council before the next meeting of the Committee.

10.5 Conflict of Interests

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. *Guidelines under section 23A of the Local Government Act 1993 September 2010 57*

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.

10.6 Induction

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

10.7 Assessment Arrangements

The Chairperson of the Committee will initiate a review of the performance of the Committee at least once every two (2) years. The review will be conducted on a self-assessment basis (unless otherwise determined by the Chairperson), with appropriate input from management and any other relevant stakeholders, as determined by the Chairperson.

10.8 Review of Audit Committee Charter

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

The Audit and Risk Committee will approve any changes to this Audit and Risk Committee Charter. Approved:	Audit and Risk Committee Meeting	Date: 19 November 2015
--	----------------------------------	---------------------------