



AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

Adopted: 29 August 2018

TRIM: 242752.2018



AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

1. NAME

Audit, Risk and Improvement Committee Charter

2. INTERPRETATION

For the purpose of this Charter:

- a) "Act" means the *Local Government Act 1993*.
- b) "ARIC" means the Audit, Risk and Improvement Committee.
- c) "CEO" means Council's Chief Executive Officer.
- d) "Code" means Code of Meeting Practice'
- e) "Council" means Liverpool City Council.
- f) "Member" means a member of the ARIC.
- g) "Observer" means the person attends the meeting but has no voting rights.

3. STATUS OF COMMITTEE

Advisory Committee of Council

4. PURPOSE/ OBJECTIVE

The objective of the ARIC is to review the following aspects of Council's operations:

- a) Compliance;
- b) Risk management;
- c) Fraud control;
- d) Financial management;
- e) Governance;
- f) Implementation of Council's strategic plan, delivery program and strategies;
- g) Service reviews;
- h) Collection of performance measurement data by Council;
- i) Provide information to Council for the purpose of improving Council's performance of its functions;
- j) External accountability

5. ROLES AND RESPONSIBILITIES

The responsibilities of the ARIC are:

5.1 Risk Management:

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

- a) 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.
- b) Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings;
- c) Review the impact of the risk management framework on its control environment and insurance arrangements;
- d) Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically.

5.2 Control Framework:

- a) Review whether management has adequate internal controls in place, including over external parties such as contractors and advisors;
- b) Review whether management has in place relevant policies and procedures, and these are periodically reviewed and updated;
- c) Progressively review whether appropriate processes are in place to assess whether policies and procedures are complied with;
- d) Review whether appropriate policies and procedures are in place for the management and exercise of delegations;
- e) Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

5.3 External Accountability:

- a) 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;
- b) Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- c) Consider contentious financial reporting matters in conjunction with Council's management and external auditors;
- d) Review the processes in place designed to ensure financial information included in the annual report is consistent with the signed financial statements;
- e) Satisfy itself there are appropriate mechanisms in place to review and implement, where appropriate, relevant State Government reports and recommendations;
- f) Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

5.4 Legislative Compliance:

- a) Determine whether management has appropriately considered legal and compliance risks as part of risk assessment and management arrangements.
- b) Review the effectiveness of the system for monitoring compliance with relevant laws, regulations and associated government policies.

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

5.5 Internal Audit:

- a) Act as a forum for communication between Council, the CEO, senior management and External Audit;
- b) Review the Internal Audit Plan, ensure the Plan has considered all key risks arising from Council's Risk Register, and approve the Plan;
- c) Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan;
- d) 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;
- e) Monitor the implementation of internal audit recommendations by management;
- f) Periodically review the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place;
- g) Periodically review the performance of Internal Audit.

5.6 Internal Audit Charter

The ARIC is responsible for reviewing and endorsing the adoption of the Internal Audit Charter which sets out the performance and delivery of the internal audit function as an independent unit of Council operations.

6. COMMITTEE DELEGATIONS

- 6.1 The ARIC is an advisory committee of Council and has no delegation of authority unless authorised by legislation or by a Council resolution.
- 6.2 The ARIC may liaise with Council on operational decisions regarding ethics and audit matters.
- 6.3 The ARIC is able to investigate any activity that is within this charter and is able to seek any Council information (except that which is covered under the *Public Interest Disclosures Act 1994*) from any employee of Council, within the scope of its responsibilities.
- 6.4 The ARIC is able to seek independent professional advice.
- 6.5 In carrying out its responsibilities, the ARIC must at all times recognise that primary responsibility for management of Council rests with Council and the CEO, as defined by the Act.

7. MEMBERSHIP

7.1 Councillor representation

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

Two Councillors, including the Deputy Mayor, shall be the Council representatives on the ARIC. All other Councillors are welcome to attend the meetings, however, they would not have voting rights.

7.2 Independent representation

7.2.1 Other members of the ARIC include three independent members. These members will participate equally with others in terms of discussion and debate and will also have voting rights.

7.2.2 Independent members of the ARIC will be appointed by Council, using an expression of interest process or a pre-qualified panel. Any recommendations to Council regarding appointments of independent members to the ARIC will be made by the Head of Audit and Risk after consultation with the CEO.

7.2.3 The External Auditor will also be an observer to the ARIC.

7.3 Council staff:

The CEO (or delegate), the Chief Financial Officer and the Head of Audit and Risk will be observers to the ARIC.

7.4 Support staff

A Council staff member will attend the meeting to provide administrative and other support to the ARIC. Administrative support is provided for the preparation of the agenda, recording of the minutes and distribution of the agenda and business papers.

7.5 Chairperson and Deputy Chairperson

7.5.1 The ARIC will be chaired by an independent member who has a substantial financial background.

7.5.2 The role of the Chairperson is to preside at meetings of the ARIC. The Chairperson requires the skills to be able to facilitate the effective functioning of the ARIC.

7.5.3 If the Chairperson is not present at the time designated for the commencement of a meeting, the first business of the meeting must be the election of an Acting Chairperson to preside at the meeting.

7.5.4 The election of an Acting Chairperson must be conducted:

- a) By the CEO or, in his or her absence, an employee of Council designated by the CEO to conduct such an election; or
- b) If neither of them is present at the meeting – by the person who called the meeting or a person acting on their behalf.

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

7.5.5 The Chairperson may invite external subject matter experts to participate in meetings from time to time as non-voting members.

7.6 Other Office Bearers

There are no other office bearers on the ARIC.

7.7 Induction

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

8. TERM OF OFFICE

8.1 Councillors will be elected by 30 September each year to the ARIC for a 12 month period.

8.2 Designated staff will remain on the ARIC for the duration of the Council term.

8.3 Independent members will be members of the ARIC for four years, concurrent with the Council term.

8.4 Non-attendance at meetings

8.4.1 Ongoing membership of the ARIC is subject to regular attendance and reasonable apologies.

8.4.2 An ARIC member should notify the secretariat of their planned absence from a meeting.

8.4.3 Any ARIC member knowing that they will be absent for three or more consecutive meetings should notify the ARIC Chairperson in writing of the planned absence.

8.4.4 In the event of a member being absent for three or more consecutive meetings without an apology and without the approval of the ARIC, the ARIC can vote on whether to declare the member's position vacant, inform the member of the outcome and fill the position as a casual vacancy.

8.5 Casual vacancies

8.6

Should a vacancy occur during the term of appointment, the matter should be referred to the next available Council meeting to approve the appointment of the new ARIC member.

8.7 Resignation from the ARIC

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

Any ARIC member wishing to resign from the ARIC shall do so in writing to the ARIC Chairperson.

9. QUORUM AND RECOMMENDATIONS

- 9.1 The quorum for a meeting of the ARIC is two members, including one Councillor and one independent member. Meetings can be held in person, by telephone or by video conference. In the event no Councillor member including the Deputy Mayor is in attendance in person or as otherwise authorised by this charter within fifteen minutes of the scheduled commencement time of a meeting then any Councillor in fact present shall be deemed to be a Councillor member for the purpose of that meeting and shall be entitled to the same rights of participation as a Councillor elected to the role and where more than one Councillor is so present then the Chairperson shall in the absence of agreement otherwise conduct a vote in such manner as he or she sees fit to determine which Councillor shall be so selected.
- 9.2 Observers or visitors at the meeting do not form part of the quorum.
- 9.3 In the absence of a quorum 15 minutes after the advertised start of the meeting, the ARIC members present may discuss the agenda items although any recommendations made will not become formalised until they have been ratified at the next ARIC meeting with a quorum present.
- 9.4 Wherever possible, recommendations of the ARIC shall be made on the basis of consensus, that is, when all members present agree. At the discretion of the Chairperson, a vote may be called to resolve a matter. This may occur when consensus cannot be reached or in relation to a matter that is more significant in nature. In such cases, the matter will be resolved by a simple majority of those at the meeting, provided that there is a quorum present. In the event of a tied vote, the Chairperson will exercise the deciding vote.
- 9.5 The CEO may attend each meeting but will permit the ARIC to meet separately with the Head of Audit and Risk and the External Auditor in the absence of management on at least one occasion per year.

10. MEETINGS AND MEMBERS OF THE PUBLIC

- 10.1 Meetings of the ARIC are normally not open to members of the public because most matters or business considered by the ARIC may not be disclosed in accordance with the provisions of sections 10A and 10B of the Act. However, the ARIC can decide to open the meeting or a part of the meeting to the public, subject to the agreement of the Chairperson, in after consultation with the CEO (or delegate), in circumstances where the confidentiality, privilege or security of information or of a matter are protected from disclosure in accordance with the provisions of sections 10A, 10B and 10C of the Act.

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

- 10.2 Representatives of organisations or the general community may be invited by the Chairperson to address the ARIC on matters on the agenda.
- 10.3 Relevant experts, stakeholders and community members may be invited to participate in the ARIC from time to time, as determined by the ARIC.

11. TIMETABLE FOR MEETINGS

- 11.1 The ARIC shall meet at least once every quarter. Dates of meetings will be determined annually by the ARIC and referred back to Council.
- 11.2 A meeting will be limited to a maximum of two hours' duration, unless the ARIC resolves to extend the length of the meeting to a particular time for the completion of business.
- 11.3 Extraordinary meetings may be called by the Chairperson, in consultation with the CEO (or delegate).
- 11.4 The location, date and starting time for meetings will be advised on the agenda.
- 11.5 ARIC meetings can only be held if five ordinary days' notice has been given to all members and Councillors.
- 11.6 If an Annual General Meeting is required, it shall be held prior to 30 September each year with 14 days' notice given to members.
- 11.7 The need for any additional meetings will be decided by agreement of the CEO and the Chairperson of the ARIC, although other ARIC members may make requests to the Chairperson for additional meetings.
- 11.8 A forward meeting plan, including meeting dates and agenda items, will be agreed by the ARIC each year. The forward meeting plan will cover all ARIC responsibilities as set out in this charter.

12. MEETING PRACTICE AND PROCEDURES

- 12.1 Unless otherwise specified in this charter, ARIC meetings must be conducted in accordance with Council's Code of Meeting Practice.
- 12.2 The ARIC must observe the provisions of any other relevant Council policies and procedures.
- 12.3 Minutes of meetings must be kept in accordance with the procedures set out in Council's Code of Meeting Practice.

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

12.4 The minutes of each ARIC meeting shall be submitted to the next available Council meeting.

13. INSURANCE COVER

13.1 ARIC members are covered by Council's personal accident insurance only for attendance at meetings and other activities formally endorsed by the ARIC.

14. OBSERVING THE CODE OF CONDUCT AND RELEVANT COUNCIL POLICIES

14.1 All members of the ARIC are required to observe the provisions of Council's Code of Conduct and any other relevant Council policy applicable to the proper functioning of the ARIC.

14.2 Should a member of the ARIC breach Council's Code of Conduct or any other relevant Council policy, the matter will be referred to the CEO to be dealt with in accordance with Council's Code of Conduct Procedures.

14.3 A breach of the Code of Conduct may result in the particular ARIC member concerned being excluded from membership of the ARIC.

14.4 If an ARIC member has a pecuniary interest in any matter with which the ARIC is concerned, and is present at a meeting of the ARIC at which the matter is being considered, they must disclose the interest to the meeting and must not be present during any discussion or decision making relating to that matter. Leaving the room is necessary because to remain in the presence of the meeting but refrain from voting is taken to be a vote against the motion.

14.5 A member of the ARIC who has a non-pecuniary conflict of interest in any matter with which the ARIC is concerned and is present at a meeting of the ARIC at which the matter is being considered must disclose the interest to the meeting as soon as practicable. If a member of the ARIC has declared a non-pecuniary conflict of interest, there exists a range of options for managing the conflict of interest. The option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with.

14.6 An ARIC member will deal with a non-pecuniary conflict of interest in at least one of these ways:

- a) Where the potential for conflict is deemed minimal, take no action. However, the Councillor or ARIC member should consider providing an explanation as to why it is considered that only a minimal or non-existent conflict exists.

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

b) Where the potential for conflict is more significant, take no part in the matter by leaving the room in which the meeting is taking place and take no part in any debate or vote on the issue, as if the provisions in section 451(2) of the Act applied.

14.7 ARIC members declaring a conflict of interest, whether pecuniary or non-pecuniary, should complete a Declaration of Interest Form which is to be signed by the CEO and retained by Council in accordance with Council's Code of Conduct and its Ethical Governance: Conflicts of Interest Policy.

15. CONFIDENTIALITY AND MANAGING PRIVACY

15.1 ARIC members, through their involvement in the ARIC, may come in contact with confidential or personal information retained by Council. ARIC members are required to maintain confidentiality and security in relation to any such information and not access, use or remove that information, unless authorised to do so.

15.2 The *Privacy and Personal Information Protection Act* 1998 and Council's Privacy Policy deal with the collection, holding, use, correction, disclosure and transfer of personal information.

15.3 Should an ARIC member become aware of any breach of security, or misuse of Council's confidential or personal information, they should inform the CEO immediately.

16. MEDIA PROTOCOL

16.1 The Chairperson is the only person permitted to speak to the media on behalf of the ARIC, subject to obtaining the approval of the Mayor in accordance with section 226 of the Act.

16.2 No other member of the ARIC is permitted to speak to the media in their capacity as an ARIC member.

17. REVIEW OF THE COMMITTEE AND THIS CHARTER

17.1 The Chairperson will initiate a review of the performance of the ARIC at least once every two 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.

17.2 At least once every two years the ARIC will review this charter and submit a report to Council regarding this review.

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER

AUTHORISED BY

Council Resolution

EFFECTIVE FROM

26 July 2017

DIECTORATE RESPONSIBLE

Office of the Chief Executive (Internal Audit)

REVIEW DATE

26 July 2019

VERSION

Version	Amended by	Date	Changes Made	TRIM Number
1	Council Resolution	11 August 2004	Not applicable	98014.2006
2	Council Resolution	28 July 2008	Complete review	223379.2008
3	Council Resolution	5 November 2012	Membership	261516.2013
4	Council Resolution	25 February 2015	Complete review	015979.2015
5	Council Resolution	30 March 2016	Membership	085751.2016
6	Council Resolution	29 March 2017	Committee name change	083598.2017
7	Council Resolution	26 April 2017	Independent members and minor changes	091206.2017
8	Council Resolution	28 June 2017	Change in quorum	145300.2017
9	Council Resolution	26 July 2017	Change in term of independent members	203729.2017
10	Council Resolution	29 August 2018	Changes to Quorum and recommendations (amended by notice of motion)	242752.2018

REFERENCES

Division of Local Government: Internal Audit Guidelines 2010

Liverpool City Council: Code of Conduct

Liverpool City Council: Code of Conduct Procedures

Liverpool City Council: Code of Meeting Practice

Liverpool City Council: Councillor Access to Information and Interaction with Staff Policy

Liverpool City Council: Ethical Governance: Conflicts of Interest Policy

Liverpool City Council: Privacy Policy

Liverpool City Council: Procurement Policy

Liverpool City Council: Procurement Standards