

7.1 REVIEW OF THE AUDIT & RISK COMMITTEE CHARTER

(D19-270773)

Report from: Audit & Risk Committee

RECOMMENDATION

That Council adopts the amended Audit & Risk Committee Charter (attached) as recommended by the Audit & Risk Committee to assist Council in providing oversight and guidance on the following matters:

- internal and external financial reporting;*
- the effectiveness of the management and reporting of Council's key risks and the protection of Council's assets;*
- the effectiveness of Council's system of internal controls;*
- the effectiveness of the internal and external audit functions; and*
- the provision of an effective means of communication between the external auditor, internal audit, management and the Council.*

INTRODUCTION

The Audit & Risk Committee's Charter is required to be reviewed biennially. The Audit & Risk Committee reviewed the Charter at its meeting on 18 June 2019. The purpose of this report is to recommend to Council adoption of the amended Audit Committee Charter.

BACKGROUND

The Audit & Risk Committee undertook a major review in 2011 of its Charter in accordance with the guide issued by the Minister for Local Government, "Audit Committee's – A Guide to Good Practice for Local Government". The Charter was amended in 2015 to be reviewed on a biennial basis and to make recommendations to Council to adopt any changes. The last review date was on 26 September 2017, where Council adopted the revised Charter following a review undertaken by the Audit & Risk Committee on a number of the key elements.

DISCUSSION

In conducting the biennial review at its meeting on 18 June 2019 the Audit & Risk Committee has determined that some changes are required. Specifically the Charter has been amended to simplify the structure, add in the responsibilities and tenure of the new observer role, incorporate changes to the "purpose of the annual Work Plan" and includes the option of members to dial-in or video conference into meetings to achieve quorum.

The revised Charter is attached with the changes as recommended, as well as some minor grammatical and formatting changes. Following adoption by the Council, the amended Charter will be updated on the Council's website.

CONCLUSION

The Audit & Risk Committee recommends that the Audit & Risk Committee Charter, as amended, be adopted.

APPENDIX: -AUDIT & RISK COMMITTEE CHARTER REVIEW – CHANGES

Section Reference	Previous wording	Current Wording
Revised Structure	<ol style="list-style-type: none"> 1. Purpose 2. Membership 3. Terms of Appointment 4. Meetings 5. Reporting 6. Duties and Responsibilities 7. Performance Evaluation 8. Conflict of interest and Register of Interests 9. Review of Committee Charter 	<ol style="list-style-type: none"> 1. Purpose of Charter 2. Committee's Duties & Responsibilities 3. Committee Operations 4. Committee Governance
Section 1 "Purpose of Charter"	The internal auditors, external auditors and other assurance providers support the Committee by providing independent and objective assurance on internal corporate governance, risk management, internal control and compliance.	Deleted
Section 2 "Committee's Duties & Responsibilities		System of Internal Control - para 2.10 Confirm that management are aware these external reviews and have considered the relevant recommendations for action or implementation ;
Section 2 "Committee's Duties & Responsibilities	Risk Management – para 2.24 Monitor reported breaches of ethical standards and monitor the implementation of recommendations arising from reports presented and review the effectiveness of Council's internal control systems	Risk Management – para 2.24 Monitor reported related party transactions, monitor the implementation of recommendations arising from reports presented and review the effectiveness of Council's internal control systems
Section 2 "Committee's Duties & Responsibilities	Ethical Behaviour – para 2.28 Recommend any specific measures or investigations identified as necessary or desirable by the Committee to the Council;	Ethical Behaviour – para 2.28 Recommend any specific measures or investigations identified as necessary or desirable by the Committee to the Council and/or management;
Section 2 "Committee's Duties & Responsibilities		Ethical Behaviour – para 2.29 Monitor any breaches of ethical standards and monitor the implementation of recommendations arising from reports presented;
Section 2 "Committee's Duties & Responsibilities	Ethical Behaviour – para 2.31 Review the findings of any examinations by regulatory or other independent agencies, and any auditor (internal or external) observations	Ethical Behaviour – para 2.31 Review the findings of any examinations by regulatory or other independent agencies, and any auditor (internal or external) observations and confirm that management have taken appropriate action as a result of the findings.

Section Reference	Previous wording	Current Wording
Section 4 "Committee Governance"		Membership- para 4.3 Committee members can attend the meeting via dial-in or video conference, and will be included as part of the quorum
Section 4 "Committee Governance"		Terms of Appointment- para 4.15 Council can make annual appointments of observers to the Committee for a maximum period of 12 months to enable exchange of relevant experience and knowledge for the Committee's benefit. Any appointed observers will be expected to attend all meetings and will be under the mentorship of one of the independent members. The observer will be subject to the same Conflicts of Interests and Register of Interests compliance requirements as outlined in this Charter for members as well as Confidentiality requirements as outlined in the letter of appointment.