
Audit, Risk and Improvement Committee

Terms of Reference V1

Lachlan Shire Council has an established audit, risk and improvement committee in place. These terms of reference set out the Committee's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Objective

The objective of Lachlan Shire Council's audit, risk and improvement committee is to provide independent assurance to Council by monitoring, reviewing and providing advice about the Lachlan Shire Council governance processes, compliance, risk management and control frameworks and external accountability obligations.

Independence

Committee members must ensure they have no real or perceived bias or conflicts of interest that may interfere with their ability to act independently and provide Council with robust, objective and unbiased advice and assurance.

The Committee is to provide an advisory and assurance role only and has no administrative function, delegated financial responsibility or any management functions of Council. The Committee will provide independent advice to Council that is informed by the internal audit and risk management activities and information and advice provided by Council, relevant external bodies and subject matter experts.

The Committee must at all times ensure it maintains a direct reporting line to and from the Lachlan Shire Council internal audit function and act as a mechanism for internal audit to report to the Council and General Manager on matters affecting the performance of the internal audit function.

Authority

Lachlan Shire Council authorises the Committee, for the purposes of exercising its role and responsibilities, to:

- Request access to any information it needs via the Director Corporate and Community Services
- Request the use of Council resources via the Director Corporate and Community Services
- Have direct and unrestricted access to the General Manager and the Executive Leadership Team
- Seek the General Manager's permission to meet with any other Council staff member or contractor
- Discuss any matters with the external auditor or other external parties

Further Information: Council ☎ 02 68951900 ✉ Email: Council@lachlan.nsw.gov.au				Page 1 of 6
Version: 1	Commencement Date: September 2021 Resolution: 2021/231 Adopted by Council 27/10/2021	Reviewed by ARIC: September 2021	Next Review Date: September 2022	Content Manager Ref: D22/4536

Audit, Risk and Improvement Committee

Terms of Reference V1

- request via the Director Corporate and Community Services, the attendance of any employee at committee meetings, and
- request via the Director Corporate and Community Services to obtain external legal or other professional advice that is considered reasonable and is able to be provided within Council's budget constraints.

Information and documents pertaining to the Committee are **confidential** and are not to be made publicly available. The Committee may only release Council information to external parties that are assisting the Committee to fulfil its responsibilities with the prior approval of the General Manager or Director Corporate and Community Services, except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

Composition and tenure

The Committee consists of:

- 2 independent voting members
- 2 Councillor voting members
- General Manager – nonvoting observer
- Director Corporate and Community Services – nonvoting observer

Independent members will be appointed for a four-year period. Independent members can be reappointed for a further term, but the total period of continuous membership cannot exceed eight years. This includes any term as Chair of the Committee.

Members who have served an eight-year term (either as member or Chair) must have a two-year break from serving on the Committee before being appointed again. To preserve the Committee's knowledge of Council activities ideally, no more than one member should leave the Committee because of rotation on any one year.

Members of the Committee are to possess and maintain a broad range of skills, knowledge and experience relevant to the operations, governance and financial management of Council; the environment in which Council operates, and the contribution that the Committee makes to the Council.

At least one member of the Committee must have accounting or related financial management experience with an understanding of accounting and auditing standards in a local government environment.

Further Information: Council ☎ 02 68951900 ✉ Email: Council@lachlan.nsw.gov.au				Page 2 of 6
Version: 1	Commencement Date: September 2021 Resolution: 2021/231 Adopted by Council 27/10/2021	Reviewed by ARIC: September 2021	Next Review Date: September 2022	Content Manager Ref: D22/4536

Audit, Risk and Improvement Committee

Terms of Reference V1

Role

The role of the Committee is to review and provide independent advice to Council regarding the following aspects of the Lachlan Shire Council operations:

- Compliance;
- risk management;
- fraud control ;
- financial management;
- governance; and
- Internal audit.

The Committee will act as a forum for the Lachlan Shire Council internal audit function and oversee its planning, monitoring and reporting to ensure it operates effectively.

The Committee will have no power of direction over external audit or the manner in which the external audit is planned or undertaken but will act as a forum for the consideration of external audit findings.

The Committee is directly responsible and accountable to the Council for the exercise of its responsibilities. In carrying out its responsibilities, the Committee must at all times recognise that primary responsibility for management of the Council rests with the General Manager.

Responsibilities of members

Independent members

The Chair and members of the Committee are expected to have knowledge requirements of risk management and internal audit in local government. Members are also expected to:

- make themselves available as required to attend and participate in meetings
- contribute the time needed to review and understand information provided to it
- apply good analytical skills, objectivity and judgement
- act in the best interests of the Council
- maintain effective working relationships with the Council, Committee members, General Manager and Executive Leadership Team;
- have strong leadership qualities (Chair)
- lead effective committee meetings (Chair), and

Further Information: Council ☎ 02 68951900 ✉ Email: Council@lachlan.nsw.gov.au				Page 3 of 6
Version: 1	Commencement Date: September 2021 Resolution: 2021/231 Adopted by Council 27/10/2021	Reviewed by ARIC: September 2021	Next Review Date: September 2022	Content Manager Ref: D22/4536

Audit, Risk and Improvement Committee

Terms of Reference V1

- oversee the Lachlan Shire Council internal audit function (Chair).

Councillor members

Provide insights into local issues and the strategic priorities of the Council that would add value to the Committee's consideration of agenda items.

Issues or information the councillor member raises with or provides to the Committee must relate to the issues being considered by the Committee.

Councillor members of the Committee must conduct themselves in a non-partisan and professional manner. They must 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.

If any Councillor Member of the Committee engages in any conduct that may bring the Committee and its work into disrepute, the Chair of the Committee may recommend to Council that the member be removed from membership of the Committee. A resolution of Council is required to remove any Councillor member.

Conduct

Independent committee members are required to comply with the Lachlan Shire Council Code of Conduct and be held to the same ethical, behavioural and conduct standards as officials of the council.

Complaints or breaches of Lachlan Shire Council Code of Conduct by an independent committee member are to be dealt with in accordance with the Procedures for the Administration of the Model Code of Conduct for Local Councils in NSW. The General Manager must consult with the Council before taking any disciplinary action against an independent committee member in response to a breach of the Lachlan Shire Council Code of Conduct.

Conflicts of interest

Once a year, voting Committee members will provide written declarations to Lachlan Shire Council stating that they do not have any conflicts of interest that would preclude them from being members of the Committee.

Voting committee members are 'designated persons' and must also complete and submit returns of interest.

Further Information: Council ☎ 02 68951900 ✉ Email: Council@lachlan.nsw.gov.au				Page 4 of 6
Version: 1	Commencement Date: September 2021 Resolution: 2021/231 Adopted by Council 27/10/2021	Reviewed by ARIC: September 2021	Next Review Date: September 2022	Content Manager Ref: D22/4536

Audit, Risk and Improvement Committee

Terms of Reference V1

Committee members and observers must declare any pecuniary or non-pecuniary conflicts of interest that 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.

Work plans

The Committee must also develop an annual work plan to guide its work and a four year Strategic Internal Audit work plan.

The Committee may, in consultation with the Lachlan Shire Council, vary the ARIC annual work plan to address new or emerging risks.

Assurance reporting

The Committee minutes shall be provided to Council in a closed session report.

Meetings

The Committee will meet at least four times per year.

The Committee can request to hold additional meetings when significant unexpected issues arise, or if the Chair is asked to hold an additional meeting by the Director Corporate and Community Services or the General Manager.

Committee meetings can be held in person, by telephone or videoconference.

The Director of Corporate and Community Services and the Chair of the Committee will discuss agenda items for each committee meeting. Each committee meeting is to be minuted to preserve a record of the issues considered and the actions and decisions taken by the Committee.

The General Manager and the Director Corporate and Community Services are to attend committee meetings as non-voting observers. The external auditor (or their representative) is to be invited to each committee meeting as an independent observer.

The Committee can hold closed meetings whenever it needs to discuss confidential or sensitive issues with only voting members of the committee present.

Dispute resolution

Further Information: Council ☎ 02 68951900 ✉ Email: Council@lachlan.nsw.gov.au				Page 5 of 6
Version: 1	Commencement Date: September 2021 Resolution: 2021/231 Adopted by Council 27/10/2021	Reviewed by ARIC: September 2021	Next Review Date: September 2022	Content Manager Ref: D22/4536

Audit, Risk and Improvement Committee

Terms of Reference V1

Members of the Committee should maintain an effective and professional working relationships with each other, the General Manager, Director Corporate and Community Services and Council. All parties listed above should seek to resolve any differences they may have in an amicable and professional way via discussion and negotiation. In the event of a disagreement between the Committee and the General Manager, the dispute is to be resolved by the Council.

Secretariat

The Director Corporate and Community Services will ensure secretariat support is provided to the Committee. The secretariat will ensure the agenda for each meeting and supporting papers are circulated after approval from the Chair at least one week before the meeting and ensure that minutes of meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within one month of the meeting to each member.

Resignation and dismissal of members

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 six months' notice to the Chair and Council prior to their resignation to enable a ensure a smooth transition to a new committee member.

The Council can terminate via resolution the engagement of any Chair, independent committee member or Councillor Member before the expiry of their term where the individual has:

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

The position of a Council member on the Committee can only be terminated by the Council via resolution.

Review arrangements

These terms of reference are to be reviewed annually by the Committee and once each council term by the Council.

Further Information: Council ☎ 02 68951900 ✉ Email: Council@lachlan.nsw.gov.au				Page 6 of 6
Version: 1	Commencement Date: September 2021 Resolution: 2021/231 Adopted by Council 27/10/2021	Reviewed by ARIC: September 2021	Next Review Date: September 2022	Content Manager Ref: D22/4536