



SNOWY MONARO
REGIONAL COUNCIL

BUSINESS PAPER

Administrator Delegations Meeting
10 June 2016

CONFLICTS OF INTEREST

A conflict of interest arises when Councillors or Council staff are influenced, or are seen to be influenced, in carrying out their duties by personal interests. Conflicts of interest can be pecuniary or non-pecuniary in nature.

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of a financial gain or loss.

A non-pecuniary interest can arise as a result of a private or personal interest, which does not relate to money. Examples include friendship, membership of an association or involvement or interest in an activity.

Any Councillor or staff member who considers they may have a conflict of interest should read Council Policy.

The responsibility of determining whether or not a Councillor or Council employee has a pecuniary or non-pecuniary interest in a matter, is the responsibility of that individual. It is not the role of Council's Mayor or General Manager, or another Councillor or another Council employee to determine whether or not a person may have a conflict of interest.

Should you be unsure as to whether or not you have a conflict of interest you should err on the side of caution and either declare a conflict of interest or, you should seek the advice of the Director General of Local Government.

The contact number for the Director General of Local Government is 4428 4100.

COUNCIL CODE OF CONDUCT

The Council Code of Conduct is a requirement of Section 440 of the Local Government Act 1993, which requires all councils to have a code of conduct to be observed by Councillors, members of staff and delegates of the Council attending a Council meeting or a meeting of a committee of Council.

The code of conduct sets out the responsibilities of Councillors and Council employees attending a Council meeting or a meeting of a committee of Council. The code also sets out how complaints against a Council employee, Councillor or General Manager are to be made.

COUNCIL CODE OF MEETING PRACTICE

The Council Code of Meeting Practice is a requirement of Section 360(3) of the Local Government Act 1993, which requires all councils to have a code of meeting practice. The code of meeting practice is to be observed by Councillors, members of staff, delegates of the Council and members of the public attending a Council or a meeting of a committee of Council.

Acknowledgement of Owners of Land

Council wishes to show our respect to the First Custodians of this land the Ngarigo people and their Ancestors past and present who pass on this duty of custodianship of the land to us the current custodians. We are proud to be Australian and celebrate the diverse backgrounds and cultures that make up our Nation – our Land.

**ADMINISTRATOR DELEGATIONS MEETING
TO BE HELD IN HEAD OFFICE, 81 COMMISSIONER STREET, COOMA NSW 2630**

**ON FRIDAY 10 JUNE 2016
COMMENCING AT**

BUSINESS PAPER

1 STAFF REPORTS

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| 1.1 | Establishment of Snowy Monaro Audit and Risk Committee | 2 |
| 1.2 | Establishment of the Stronger Communities Fund Assessment Panel | 20 |

2 CONFIDENTIAL MATTERS 22

- 2.1 Merger - Transition and Implementation Planning - Project Management,
Monitoring and Reporting System - CAMMS

Item 22.1 is confidential in accordance with s10(A)(2)(di) of the Local Government Act because it contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it and discussion of the matter in an open meeting would be, on balance, contrary to the public interest.

1.1 ESTABLISHMENT OF SNOWY MONARO AUDIT AND RISK COMMITTEE

Record No:

Responsible Officer:	General Manager
Key Direction:	7. Providing Effective Civic Leadership and Citizen Participation
Delivery Plan Strategy:	DP7.2 Council's leadership is based on ethics and integrity to enable informed and appropriate decisions in the community's best interest
Operational Plan Action:	OP7.6 Ensure that governance structures are open, transparent and fully accountable and that these are supported by relevant instruments.
Attachments:	1. DRAFT - Audit and Risk Committee Charter ↓ 2. DRAFT - Internal Audit Charter ↓
Cost Centre	
Project	
Further Operational Plan Actions:	

EXECUTIVE SUMMARY

This report seeks endorsement of the proposed role and structure of the Audit and Risk Committee through the adoption of the Audit and Risk Committee Charter, the election of one Councillor to the Audit and Risk Committee; adoption of remuneration for the Chair and external members; calling for expression of interest for external independent members to the Audit and Risk Committee. An internal audit function currently in place will manage the work of the Audit and Risk Committee.

The following officer's recommendation is submitted for Council's consideration.

OFFICER'S RECOMMENDATION

That Council

- A. Adopt the Audit and Risk Committee Charter as set out in Attachment 1;
- B. Appoint the Administrator or an alternate to the Audit and Risk Committee as Council representative for the term of the Administration;
- C. Adopt the recommended fees per meeting for external Audit and Risk Committee members as \$550 (GST Inclusive) per meeting attended for the Chair and \$440 (GST inclusive) per meeting attended for external members. Vehicle allowance will be paid under Local Government (State) Award 2014
- D. Call Expressions of Interest seeking qualified and experienced people to be independent members on Council's Audit and Risk Committee.
- E. Note the Internal Audit Charter as set out in Attachment 2

BACKGROUND

The Office of Local Government S23 Guidelines on Internal Audit recommends that council have in place an Audit and Risk Committee supported by an internal audit function to act as an independent and objective oversight of council systems and processes.

An Audit and Risk Committee Charter is a document which sets out the framework under which the members of the Audit and Risk Committee operate. This includes objective; authority; composition and tenure; roles and responsibilities; reporting and administrative arrangements.

The Audit and Risk Committee Charter provides the framework on the roles and responsibility of the members of the Audit and Risk Committee.

The Draft Audit and Risk Committee Charter was developed based on the sample Audit and Risk Committee Charter outlined in the S23 Guidelines and best practice as promulgated by the Institute of Internal Auditors - an international professional body for internal audit practitioners and the *NSW Gov tpp15-03 Internal Audit and Risk Management Policy* for the NSW Public Sector.

The Guidelines state that the Audit and Risk Committee Charter is to be approved by Council.

The Audit and Risk Committee

An Audit and Risk Committee plays a pivotal role in the governance framework of Council. Audit and Risk Committees do not displace or change the management accountability arrangements within Council but enhance the existing governance framework, risk management practices, and control environment by providing independent assurance and advise on key elements of Council's operations.

A better practice Audit and Risk Committee is distinguished by the following attributes

- Having a clearly documented charter that includes the committee's responsibilities; and is approve by Council
- Able to exercise discretion in how best to meet it responsibilities
- Adopts an independent perspective and appreciates the separation of management and Audit and Risk Committee responsibilities
- Broad business, financial management and public sector experience and expertise
- Encourage and maintains an open and constructive dialogue with senior management, internal and external audit
- Monitors the implementation of recommendations made by internal and external audit and other review activities
- Assures internal audit coverage is aligned with Council's risks; is an appropriate mix of performance and compliance audits and includes a focus on the areas of greatest risk
- The Audit and Risk Committee receives appropriate level of support and sufficient opportunities to keep abreast of key developments in Council

Audit and Risk Committee functions and responsibilities

The objective of the Audit and Risk Committee is to provide independent assurance and assistance to Council on risk management, the control framework, legislative compliance, internal audit and external accountability responsibilities.

Authority and responsibilities of the Audit and Risk Committee is provided by Council through the adoption of the Audit and Risk Committee Charter.

Membership of the Audit and Risk Committee

The Committee will consist

Voting members

1 x Councillor representative

4 x Independent external members (one of whom is recruited as Chair)

Non voting members

General Manager

Internal Audit Manager (Head of Internal Audit)

Invitees (non-voting) for specific Agenda items

Representatives of the external auditor

Other officers may attend by invitation from the Committee through the General Manager.

Term of membership external appointments

Two external members shall be appointed for a maximum term of four years and two external members shall be appointed for a maximum term of three years and shall be appointed as follows:

- Two external members (one of whom shall be the Chair) shall be appointed for an initial period of two years with an additional two year appointment subject to a satisfactory performance assessment of their contribution to the Audit and Risk Committee.
- Two external members shall be appointed for an initial period of two years with an additional one year appointment subject to a satisfactory performance assessment of their contribution to the Audit and Risk Committee.

The performance review will be undertaken by the Council representative as Audit and Risk Committee member in conjunction with the General Manager

External members may be re-appointed at the end of their tenure following a public advertisement and expression of interest processes

Vacancies shall be filled by public advertisement; an evaluation of candidates and a recommendation for appointment to Council.

Remuneration of external Audit and Risk Committee members

External Committee members should be remunerated at a level that reflects the time it takes to effectively meet their responsibilities. Allowance should be made for the particular skills and expertise the member will bring to the committee, and the time required for meeting preparation and attendance at meetings and interaction with management outside committee meetings. Recognition should also be made for the additional responsibilities of the Chair.

As outlined in the Audit and Risk Committee Charter at 7.1, it is envisaged that Audit and Risk Committee members will meet at least quarterly.

A 2013 survey undertaken by the Local Government Internal Auditors Network (LGIAN) in relation to remuneration to local government Audit and Risk Committee members found that the general for local government Audit and Risk Committee meetings remuneration is \$400 to \$500 per meeting for the Chair with external members receiving 80% of that remunerated to the Chair.

1.1 ESTABLISHMENT OF SNOWY MONARO AUDIT AND RISK COMMITTEE

As a comparison, a full commercial rate for an Audit and Risk Committee Chair is in the vicinity of \$20,000 per annum.

The value, experience and expertise of the independent external Audit and Risk Committee member must be recognised and it is therefore proposed that:

- the Chair of the Audit and Risk Committee be remunerated at \$550 (GST inclusive) per meeting attended and
- all other external members be remunerated at \$440 (GST inclusive) per meeting attended.

Expression of interest Audit and Risk Committee Independent Member

Council will advertise for Expressions of Interest (EOI) from suitably skilled and experience people from the community of Snowy Monaro Regional Council as well as nearby regions.

An EOI pack will be made available to potential external members for completion.

The interview panel will be made up of the Administrator and the General Manager. The Internal Audit Manager may attend interviews as a Technical Advisor as required.

In completing the EOI, applicants must demonstrate skill and experience more specifically detailed below and the following qualities.

- strong ethical beliefs
- ability to maintain confidentiality (members will be required to sign a confidentiality agreement)
- ability to analyse reports
- independence and objectivity
- commitment to abide by Council's Code of Conduct
- sufficient time available to devote to responsibilities as an Audit and Risk Committee member

Chair

The Chair of the Audit and Risk Committee is critical to the overall effectiveness of the Committee. The Chair of the Committee must be an external member.

Specific attributes for the Audit and Risk Committee Chair include knowledge or expertise in:

- duties and responsibilities of the position as outlined in the Audit and Risk Committee Charter
- public sector reporting requirements, including financial and performance reporting

Additionally the Audit and Risk Committee Chair should demonstrate:

- experience in meeting procedures
- the ability to build good working relationships
- strong communications and leadership skills

Members

It is expected that, collectively, members of the Audit and Risk Committee should have some knowledge or understanding in following areas:

- risk identification, evaluation and management;
- information management and security;
- the roles of internal audit and external audit;
- public sector reporting requirements, including financial and performance reporting; and
- internal control, compliance activities and fraud control.

Internal Audit Function

The internal audit function is established by Council and its responsibilities are defined in a charter approved by the Audit and Risk Committee. The Internal Audit Charter provides a comprehensive statement of the purpose, authority, responsibilities and reporting relationships of the internal audit function. The Office of Local Government S23 Guidelines for Internal Audit state that the Audit and Risk Committee approves the Internal Audit Charter.

Internal Audit staff and service providers report to the Head of Internal Audit (also described as chief audit executive (CAE)) and reports functionally to the Audit and Risk Committee and administratively to the General Manager.

Functional reporting involves the Audit and Risk Committee:

- approving the internal audit function's charter
- receiving communications from the CAE on the results of internal audit activities or other matters that the CAE determines are necessary, including private meetings with the CAE without management present
- making appropriate inquiries of management and the CAE to determine whether there is audit scope or budgetary limitations that impede the ability of the internal audit activity to execute its responsibilities

Administrative reporting involves the General Manager in:

- budgeting and management accounting;
- human resource administration, including personnel evaluations and compensation;
- internal communications and information flows;
- administration of internal audit activities policies and procedures;
- approving all decisions regarding the performance evaluation, appointment or removal of the CAE
- advising the Chair of the Audit and Risk Committee within a timely manner of any cessation of employment of the CAE
- approving the annual compensation and salary adjustment of the CAE

The (DRAFT) Internal Audit Charter is attached for Council information. **Attachment 2**

QUADRUPLE BOTTOM LINE REPORTING

1. Social

Internal auditors can be of great value to Council's and their community in a variety of ways. In particular, they commonly assist management in monitoring the design and proper functioning of internal control policies and procedures. In this capacity, internal auditors themselves function as an additional level of control and so help to improve the Council's overall control environment. Internal auditors also can play a valuable role conducting performance audits, as well as special investigations and studies. Such a service provides reassurance to the community that Council is striving to improve its services and provide value for money. The Audit Committee will oversee the operation of the Internal Audit Service

2. Environmental

The Audit Committee and the internal audit service would have minimal impact on the environment apart from review of legislative compliance reviews involving ensuring Council compliance with environmental legislation.

3. Economic

In resolving to establish an Audit Committee it is proposed that Council agree the value, experience and expertise of the independent external audit committee members be recognised as follows:

- The Chair of the Audit Committee is remunerated at \$500 per meeting attended.
- External members are remunerated at \$400 per meeting attended.

Provision for the required budget will be included in the proposed budget for 2016/17. As well any costs incurred to establish the Audit Committee and Internal Audit Service will be funded from existing allocation for the Internal Audit Service within the harmonised budget.

4. Civic Leadership

Section 23A of the Local Government Act 1993 states:

23A Director-General's guidelines

(1) For the purposes of this Act, the Director-General may from time to time prepare, adopt or vary guidelines relating to the exercise by a council of any of its functions.

(2) The Director-General may only prepare, adopt or vary guidelines relating to the exercise by a council of functions conferred or imposed on the council by or under any Act or law that is not administered by or the responsibility of the Department of Local Government if the Director-General has first obtained the concurrence of the Minister administering or responsible for the administration of the other Act or law.

(3) A council must take any relevant guidelines issued under this section into consideration before exercising any of its functions.

(4) The guidelines for the time being in force are to be made available to councils on request and, on payment of such fee (if any) as the Director-General may determine, to any interested person.

An Audit Committee plays a pivotal role in the governance framework of Council. Audit Committees do not displace or change the management accountability arrangements within Council but enhance the existing governance framework, risk management practices, and control environment by providing independent assurance and advise on key elements of Council's operations. It is anticipated that the proposed amendments to the Local Government Act will make an Internal Audit Program a legislative requirement for all Councils.

Determination by Administrator

Approved by Administrator Dean Lynch in accordance with *Section 226 dot point one (1) or two (2) of the Local Government Act 1993.*

Signature:

Date:



AUDIT and RISK COMMITTEE CHARTER

1. Objective

The Objective of the Audit and Risk Committee (Committee) is to provide independent assurance and assistance to Snowy Monaro Regional Council (Council), on risk management, the control framework, legislative compliance, internal audit and external accountability responsibilities.

2. Authority

Council authorises the Committee within the scope of its role and responsibilities through the Chair 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 of the General Manager the attendance of any employee at Committee meetings.
- Obtain external legal or other professional advice considered necessary to meet its responsibilities. Prior discussion must be undertaken with the General Manager who will determine appropriateness of any reimbursement if any by Council.

3. The Snowy Monaro Regional Council Assurance Environment

Snowy Monaro Regional Council has a range of activities to provide assurance to Council, the Committee and the General Manager.

Council uses a 'Combined Assurance – 3 Lines of Defence' model to define their assurance environment:

The 1st Line of Defence originates or initiates risk, and is responsible for managing the risks and having in place mechanisms to demonstrate controls are working effectively.

The 2nd Line of Defence monitors, reviews and tests effectiveness of 1st Line control and management of risks.

The 3rd Line of Defence independently evaluates and gives an opinion on the adequacy and effectiveness of both 1st Line and 2nd Line risk management approaches.

This approach demonstrates how assurance activities co-ordinate to provide assurance to the Council, the Committee, and the General Manager.

At Council this can be illustrated as:

Combined Assurance - 3 Lines of Defence		
1 st Line of Defence	2 nd Line of Defence	3 rd Line of Defence
Management Controls	Management of Risk	Independent Assurance
Real-Time Focus	Real-Time Focus + Review of 1 st Line	Review of 1 st Line and 2 nd Line
Management Controls	Risk Management Governance Regulatory Compliance Work Health Safety Environment	Internal Audit External Audit Office of Local Government
Review governance and compliance Implement improvements	Confirm governance and compliance Recommend improvements	Independently confirm governance and compliance Recommend improvements

4. Composition and Tenure

The Committee will consist

4.1. Voting members

1 x Councillor representative

4 x Independent external members (one of whom is recruited as Chair)

4.2. Non voting members

General Manager

Internal Audit Manager (Head of Internal Audit)

4.3. Invitees (non-voting) for specific Agenda items

Representatives of the external auditor

Other officers may attend by invitation from the Committee through the General Manager.

4.4. Term of membership external appointments

Two external members shall be appointed for a maximum term of four years and two external members shall be appointed for a maximum term of three years and shall be appointed as follows:

- Two external members (one of whom shall be the Chair) shall be appointed for an initial period of two years with an additional two year appointment subject to a satisfactory performance assessment of their contribution to the Audit Committee.
- Two external members shall be appointed for an initial period of two years with an additional one year appointment subject to a satisfactory performance assessment of their contribution to the Audit Committee.

The performance review will be undertaken by the Council representative as Audit Committee member in conjunction with the General Manager

External members may be re-appointed at the end of their tenure following a public advertisement and expression of interest processes

Vacancies shall be filled by public advertisement; an evaluation of candidates and a recommendation for appointment to Council.

4.5. Skills

The external independent members of the Committee, taken collectively, will have a broad range of skills and experience relevant to the operations of Council.

At least one external independent member of the Committee shall have accounting or related financial management experience and an understanding of accounting and auditing in a public sector environment.

At least one external independent member of the Committee shall have internal auditing or related auditing experience.

At least one external independent member of the Committee shall have risk management experience .

5. Roles and responsibilities

The Committee has no executive powers but assists the Council by providing independent assurance and assistance to Council on behalf of rate-payers.

The Committee is directly responsible 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 Council operations rests with the General Manager.

The responsibilities of the Committee may be revised or expanded in consultation with or as resolved by Council.

The Committee's role includes assisting Council in its governance and exercising of due care, diligence and skill in relation to:

- Internal control systems
- Risk management systems
- Business policies and practices
- Protection of Council's assets
- Compliance with applicable laws, regulations, standards and best practice guidelines
- Understand the relevant legislative and regulatory requirements appropriate to Council;
- Contribute the time needed to study and understand the papers provided;
- Apply good analytical skills, objectivity and good judgment; and
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

5.1. Risk management

- Review whether management has in place a current and appropriate risk management framework that is consistent with AS/MZS ISO 31000:2009
- Review risk management plans and provide advice to the General Manager
- Seek assurance from management and Internal Audit that risk management processes are operating effectively
- Seek assurance from management and Internal Audit as to the adequacy and effectiveness of internal controls

- Review risk reports and provide advice to the General Manager
- Review whether a sound and effective approach has been followed in developing risk management plans for major projects or undertakings
- Review the impact of the agency's risk management on its control environment and insurance arrangements
- Review council's fraud control plan and be satisfied that council has appropriate processes and systems in place to capture and effectively investigate fraud related information
- Review whether a sound and effective approach has been followed in establishing council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.

5.2. Control framework

- Review whether management's approach to maintaining an effective internal control framework, including over external parties such as contractors and advisors, is sound and effective
- Review whether management has in place relevant policies and procedures and that these are periodically reviewed and updated
- Determine whether the appropriate processes are in place to assess, at least once a year, whether laws, regulations, policies and procedures are complied with
- Review whether appropriate policies and procedures are in place for the management and exercise of delegations
- Consider how management identifies any required changes to the design or implementation of internal controls
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

5.3. External accountability

- Assess the policies and procedures for management review and consideration of the financial position and performance of the agency including the frequency and nature of that review (including the approach taken to addressing variances and budget risks)
- Review procedures around early close and year-end
- Review the financial statements and provide advice to the General Manager (including whether appropriate action has been taken in response to audit recommendations and adjustments), and recommend their signing by the responsible financial officers and councillors
- Satisfy itself that the financial statements are supported by appropriate management signoff on the statements
- Review cash management policies and procedures
- Review policies and procedures for collection, management and disbursement of grants and tied funding
- Review the processes in place designed to ensure that financial information included in Council's annual report is consistent with the signed financial statements
- Satisfy itself that Council has a performance management framework that is linked to organisational objectives and outcomes.

5.4. Legislative Compliance

- Determine whether management has appropriately considered legal and compliance risks as part of Council's risk assessment and management arrangements
- Review the effectiveness of the systems for monitoring compliance with applicable laws and regulations and associated government policies

5.5. Internal Audit

- Act as a forum for communications between the General Manager, senior management and internal and external audit
- Review and provide advice to the General Manager on the internal audit policies and procedures
- Review the risk based audit methodology
- Review the internal audit coverage and annual work plan, ensure the plan is based on Council's risk management plan, and recommend approval of the plan
- Advise the General Manager of the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan
- Oversee the coordination of audit programs conducted by internal audit and external audit and other review functions
- Review audit findings and related recommendations that have been assessed as the most significant according to the risk and audit finding represent to Council if the recommendation's related to the finding are not implemented
- Provide advice to the General Manager on significant issues identified in audit reports and action taken on these issues, including identification and dissemination of good practice
- Monitor management's implementation of internal audit recommendations
- Review the internal audit charter to ensure appropriate organisation structures, authority, access and reporting arrangements are in place
- Periodically review the performance of internal audit

5.6. 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 of the audit services provided
- Review all external plans and reports in respect of planned or completed audits and monitor management's implementation of audit recommendations
- Provide advice to the General Manager on action taken on significant issues raised in relevant external audit reports and better practice guides

5.7. Responsibilities of members

Members of the Committee are expected to:

- Understand the relevant legislative and regulatory requirements appropriate to Snowy River Shire Council;
- Contribute the time needed to study and understand the papers provided;
- Apply good analytical skills, objectivity and good judgment; and
- Express opinions frankly, ask questions that go to the fundamental core of issues, and pursue independent lines of enquiry.

6. Reporting

The Committee will regularly, but at least one a year, report to Council on its operation and activities during the year. The report should include:

- An overall assessment of Council's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting Council
- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year

- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended
- A summary of Council progress in addressing the findings and recommendations made in internal and external reports
- A summary of the Committee's assessment in the performance of internal audit

The Committee's Minutes will be presented to Council for information only through the General Manager's report to Council.

6.1. Reporting Lines

The Committee must at all times ensure it maintains a direct reporting line to and from internal audit and act as a mechanism for internal audit to report to the General Manager on functional matters.

The following reporting line is prescribed:



7. Administrative arrangements

7.1. Meetings

The Committee will meet at least four times per year. A special meeting may be held to review Council's financial statements.

The need for any additional meetings will be decided by the Chair of the Committee, though other Committee members or the General Manager may make requests to the Chair for additional meetings.

A forward meeting plan, including meeting dates and agenda items, will be agreed by the Committee each year. The forward meeting plan will cover all Committee responsibilities as detailed in this Charter.

Meetings will follow Council's Code of Meeting practice.

7.2. Attendance at Meetings and Quorums

A quorum will consist of a majority of voting members in person attendance, including at least three independent members.

Meetings can be held in person, by telephone or by video conference.

The Internal Audit Manager will be invited to attend each meeting unless requested not to do so by the Chair of the Committee. The Committee may also request through the General Manager, for other

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 the Chief Audit Executive in the absence of management on at least one occasion per year

7.3. Secretariat

The Council will provide secretariat support to the Committee. 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 Chair and circulated to each member and committee observers as appropriate within three weeks of the meeting being held.

7.4. Conflicts of Interest

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.

Committee members must declare any conflicts of interest 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.

7.5. Induction

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

7.6. Assessment Arrangements

The Chair of the Committee will initiate a review of the performance of the Committee in full at least once every two years

The review will be conducted on a self-assessment basis (unless otherwise determined by the Chair), with appropriate input from management and any other relevant stakeholders, as determined by the Chair

7.7. Review of Audit and Risk Committee Charter

At least once every year the Committee will review this Charter. The review will include consultation with the Council.

Any substantive changes to this charter will be recommended by the Committee and formally approved by Council.



Internal Audit Charter

1. Introduction

Snowy Monaro Regional Council (Council) has established its Internal Audit function as a key component of Council's governance framework.

This charter provides the framework for the conduct of the internal audit function at Council and has been approved by Council's Audit and Risk Committee.

2. Purpose of internal audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.

It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

Internal audit provides an independent and objective review and advisory service to:

- Provide assurance to Council and the Audit Committee that Council's financial and operational controls, designed to manage the organisation's risks and achieve the entity's objectives are operating in an efficient, effective and ethical manner;
- Assist management in improving business performance.

3. Authority

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and unrestricted access to any and all records, personnel and physical properties relevant to the performance of engagements.

Internal Audit will also have free and unrestricted access to the Senior Executive of Council and the Audit and Risk Committee.

4. Independence

Independence is essential to the effectiveness of the internal audit function. Internal audit activity must be independent and internal auditors must be objective in performing their work. Internal auditors must have an impartial, unbiased attitude and avoid any conflicts of interest.

The internal audit authority has no direct authority or responsibility for the activities it reviews. The internal audit function has not responsibility for developing or implementing procedures or systems and does not prepare records or engage in original line process functions or activities (except in carrying out its own functions).

The internal audit function is responsible on a day to day basis to the Chief Audit Executive.

The internal audit function, through the Chief Audit Executive, reports functionally to the Audit and Risk Committee on the results of completed audits, and for strategic direction and

accountability purposes and reports administratively to the General Manager to facilitate day to day operations.

The following reporting line is prescribed.



5. Authority and confidentiality

Internal auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, personnel, records and other documentation and information that the Chief Audit Executive considers necessary to enable the internal audit function to meet its responsibilities.

All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. The chief Audit executive and individual internal audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

All internal audit documentation is to remain the property of Council, including where internal audit services are performed by an external third party provider.

6. Roles and responsibilities

The internal audit function must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

In the conduct of its activities, the internal audit function will play an active role in:

- Developing and maintaining a culture of accountability and integrity
- Facilitating the integration of risk management into day-to-day business activities and processes
- Promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards.

7. Audit activities

Audit activities including audits with the following areas for consideration:

Risk management

- Evaluate the effectiveness and contribute to the improvement of risk management processes
- Provide assurance that risk exposures relating to the organisation's governance, operations, and information systems are correctly evaluated including:
 - Reliability and integrity of financial and operational information
 - Effectiveness, efficiency and economy of operations and
 - Safeguarding of assets
- Evaluate the design, implementation and effectiveness of Council's ethics-related objectives, programs and activities
- Assess whether the information technology governance sustains and supports Council's strategies and objectives

Compliance

- Compliance with applicable laws, regulations and Government policies and directions

Performance improvement

- The efficiency, effectiveness and economy of Council's business systems and processes

8. Advisory services

The internal audit function can advise management on a range of matters including:

New programs; systems and processes

- Providing advice on the development of new programs and processes and /or significant changes to existing programs and processes including the design of appropriate controls.

Risk management

- Assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework.

Fraud control

- Evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk
- Assisting management to investigate fraud, identify the risks of fraud and develop fraud prevention and monitoring strategies.

9. Audit support activities

The internal audit function is also responsible for:

- Managing the internal audit function
- Assisting the Audit and Risk Committee to discharge its responsibilities
- Monitoring the implementation of agreed recommendations
- Disseminating across Council, better practice and lessons learnt arising from its audit activities.

10. Scope of internal audit activity

Internal audit reviews may cover all programs and activities of Council together with associated entities, as provided for in relevant business agreements, memorandum of understanding or contracts.

Internal audit activity encompasses the review of all financial and non-financial policies and operations.

11. Standards

Internal audit activities will be conducted in accordance with this charter and with relevant professional standards including International Standards for the professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

In the conduct of internal audit work, internal audit staff will:

- Comply with relevant professional standards of conduct;
- Possess the knowledge, skills and technical proficiency relevant to the performance of their duties;
- Be skilled in dealing with people and communicating audit, risk management and related issues effectively;
- Exercise due professional care in performing their duties.

12. Relationship with external audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplications of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest and facilitate coordination.

External audit will have full and free access to all internal audit plans, working papers and reports.

13. Planning

The chief Audit Executive will prepare a risk-based annual internal audit work plan in a form and in accordance with a timetable agreed with the Audit and Risk Committee.

14. Reporting

The Chief audit Executive will report to each meeting of the Audit and Risk Committee on:

- Audits completed;
- Progress in implementing the annual audit work plan;
- The implementation status of agreed internal and external audit recommendations.

The internal audit function will also report to the Audit and Risk Committee at least annually on the overall state of internal controls at Council and any systemic issues requiring management attention based on the work of the internal audit function and other assurance providers.

15. Administrative arrangements

Any change to the role of the Chief Audit Executive and where the internal audit functions uses an outsourced service delivery model; the external service provided will be approved by the General Manager in consultation with the Audit and Risk Committee.

The Chief Audit Executive will arrange for an internal review, at least annually, and a periodic independent review, at least every five (5) years, of the efficiency and effectiveness of the operations of the internal audit functions. The results of the reviews will be reported to the Audit and Risk Committee will provide advice to the General Manager on those results.

16. Review of the Charter

This charter will be reviewed at least annually by the Audit and Risk Committee. Any substantive changes will be formally approved by Council on the recommendation of the Audit and Risk Committee.

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Approved by Audit and Risk Committee Resolution No:

Date of Audit and Risk Committee meeting

Chair Audit and Risk Committee:

DRAFT

1.2 ESTABLISHMENT OF THE STRONGER COMMUNITIES FUND ASSESSMENT PANEL

Record No:

Responsible Officer:	General Manager
Key Direction:	7. Providing Effective Civic Leadership and Citizen Participation
Delivery Plan Strategy:	DP7.6 Increase and improve Council's financial sustainability.
Operational Plan Action:	OP7.17 Effective management of Council funds to ensure financial sustainability.
Attachments:	Nil
Cost Centre	3130
Project	Establishment of a Stronger Communities Fund Assessment Panel
Further Operational Plan Actions:	

EXECUTIVE SUMMARY

Council has executed the *Office of Local Government New Council Funding Agreement 2016 - Attachment 1*, which secures the Stronger Communities Fund (SCF) and New Council Implementation Fund (NCIF) grant monies for the Snowy Monaro Regional Council (SMRC). Under the Operative Provisions (Item 1.2) of the referenced funding agreement "Council agrees to at all times comply with the Guidelines issued".

This report provides advice to the Administrator in relation to Council obligations under the agreement, specifically the mandatory establishment of a 'Stronger Communities Fund Assessment Panel'.

The following officer's recommendation is submitted for Council's consideration.

OFFICER'S RECOMMENDATION

That Council

- A. Convene a Stronger Communities Fund Assessment Panel
- B. Approve for the Grants Officer to develop a Terms of Reference (TOR) document for the Panel
- C. Appoint one (1) member from each of the SMRC Local Representation Committees to the Panel; or nominate alternate &/or additional member(s) selection
- D. Appoint a member of the SMRC Audit Committee to the Panel, as the Independent Probity Adviser
- E. Approve for the Grants Officer to be appointed to the Panel in an Observer capacity. Observers will have a responsibility to adhere to the principles outlined in the Terms of Reference (TOR) and may provide relevant advice to the assessment panel, though they will not have voting rights.

BACKGROUND

On 7 June 2016 the General Manager completed, and returned to the OLG, Attachment 1 of the referenced Funding Agreement, being the formal mechanism to secure:

Stronger Communities Funding \$15 000 000

New Council Implementation Funding \$5 000 000

The Agreement being binding on Council from the date of return. All funding to be spent or committed by 30 June 2019.

The SCF Guidelines mandate the establishment of a dedicated Fund Assessment Panel. The panel to assess and make funding recommendations to Council for both the 'Community Grants Program' and the 'Major Projects Program' streams of the Stronger Communities Fund.

The SCF Guidelines state that Council's Fund Assessment Panel is to include:

- Administrator, or delegate
- State Member(s) of Parliament or representative
- Regional Coordinator of the Department of Premier and Cabinet, or delegate
- Other members, appointed by the Administrator, as required
- An independent probity adviser, appointed by the Administrator to advise the Panel on their deliberation and assessment process.

The Panel will use the defined criteria for each program to assess and recommend projects for funding. Council is ultimately responsible for determining projects, consistent with the Guidelines.

QUADRUPLE BOTTOM LINE REPORTING

1. Social

The Panel will be representative of the diversity within the Snowy Monaro community and will ensure a diversity of views and perspectives, which then guarantees that decisions are transparent and accountable.

2. Environmental

The contents and recommendations of this report is not considered to have any detrimental environmental impacts.

3. Economic

Council's ability to accept the \$20 000 000 in grant funding is fundamentally linked to our commitment, as an entity, to deliver on the agreed funding terms.

4. Civic Leadership

The establishment of the Panel demonstrates that Council is committed to ensuring equity and transparency in decision making processes. The Panel will assist Council to meet legislative compliance aspects and deliver on our external accountability responsibilities.

Determination by Administrator

Approved by Administrator Dean Lynch in accordance with *Section 226 dot point one (1) or two (2) of the Local Government Act 1993*.

Signature:

Date:

2. CONFIDENTIAL MATTERS

In accordance with Section 10A(2) of the Local Government Act 1993, Council can exclude members of the public from the meeting and go into Closed Session to consider confidential matters, if those matters involve:

- (a) personnel matters concerning particular individuals; or
- (b) the personal hardship of any resident or ratepayer; or
- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business; or
- (d) commercial information of a confidential nature that would, if disclosed;
 - (i) prejudice the commercial position of the person who supplied it, or
 - (ii) confer a commercial advantage on a competitor of the council, or
 - (iii) reveal a trade secret,
- (e) information that would, if disclosed, prejudice the maintenance of law; or
- (f) matters affecting the security of the council, councillors, council staff or council property; or
- (g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege or information concerning the nature and location of a place; or
- (h) an item of Aboriginal significance on community land.

and Council considers that the closure of that part of the meeting for the receipt or discussion of the nominated items or information relating thereto is necessary to preserve the relevant confidentiality, privilege or security of such information, and discussion of the material in open session would be contrary to the public interest.

In accordance with Section 10A(4) of the Local Government Act 1993 the Chairperson will invite members of the public to make verbal representations to the Council on whether the meeting should be closed to consider confidential matters.

RECOMMENDATION

1. THAT pursuant to Section 10A subsections 2 & 3 and Section 10B of the Local Government Act, 1993 (as amended) the following items on the agenda for the Ordinary Council meeting be dealt with in Closed Session for the reasons specified below:
 - 2.1 Merger - Transition and Implementation Planning - Project Management, Monitoring and Reporting System - CAMMS**
 - Item 22.1 is confidential in accordance with s10(A)(2)(di) of the Local Government Act because it contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it and discussion of the matter in an open meeting would be, on balance, contrary to the public interest.
2. The press and public be excluded from the proceedings of the Council in Closed Session on the basis that these items are considered to be of a confidential nature.
3. That the Minutes and Business Papers including any reports, correspondence, documentation or information relating to such matter be treated as confidential and be withheld from access by the press and public, until such time as the Council resolves that the reason for confidentiality has passed or become irrelevant.
4. That the resolutions made by the Council in Closed Session be recorded in the Minutes of the Council Meeting.
5. That upon this recommendation being moved and seconded, the Chairperson invite representations from the public as to whether this part of the meeting should be closed to consider the nominated item.