



# Audit and Risk Committee (ARC) Charter

## Document Control

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## Introduction

- The Western Parkland City Authority (**Authority**) was established under the *Western Parkland City Authority Act 2018 (NSW) (Act)*.
- Under the Act, The Authority is classified as a NSW Government agency and the Board of the Authority (**Board**) has established the Audit and Risk Committee (**ARC**) in compliance with Treasury Policy TPP20-08 *Internal Audit and Risk Management Policy for the General Government Sector*.
- This Charter is based on the Model Audit and Risk Committee Charter (Annexure B) per TPP20-08 and sets out the ARC's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

## Objective

The objective of the ARC is to provide independent assistance to the Board by monitoring, reviewing, and providing advice about the Authority's governance processes, risk management and control frameworks, and its external accountability obligations.

## Authority

The Board has ultimate responsibility for audit and risk matters, and authorises the ARC, within the scope of its role and responsibilities:

- To obtain any information it needs from any employee and/or external party (subject to their legal obligation to protect information);
- To discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- To request the attendance of any employee, including Board members, at ARC meetings; and
- To obtain external legal or other professional advice, as considered necessary to meet its responsibilities. The payment of costs for that advice by the Authority is subject to the prior approval of the Board.

## Composition and tenure

The ARC will consist of:

- At least three (3) Members and no more than five (5) Members<sup>1</sup>;
- A mixture of non-executive Board members and independent members with appropriate capabilities from the ARC prequalification scheme; and
- An independent Board member who is not chair of the Board.

The Board appoints the Chair and Members of the ARC. The Chair is counted as one Member of the ARC.

If, at a meeting of the ARC, the Chair is absent or the role is vacant, the Members shall by majority select an Acting Chair from their number. The ARC will as soon as practicable advise

<sup>1</sup> Inclusive of the Chair

the Board of the name of the Acting Chair, or the ARC’s inability to elect an acting Chair by majority.

The Board may appoint additional non-executive Board members to the ARC or remove and replace Members of the ARC by resolution. Members may withdraw from membership by written notification to the Board.

Members will be appointed for an initial period no less than three (3) years and not exceeding five (5) years, after which they will be eligible for extension or re-appointment for a further term(s) subject to a formal review of their performance (noting that the total term on the ARC will not exceed eight (8) years). The Chair must be appointed for one (1) term only for a period of at least three (3) years, with a maximum period of five (5) years. The term of appointment for the Chair can be extended but any extension must not cause the total term to exceed five (5) years as a Chair of the ARC.

Current employees of all NSW government sector agencies<sup>2</sup> other than State Owned Corporations cannot serve as Members or Chairs of an Audit and Risk Committee.

The Members should collectively develop, possess, and maintain a broad range of skills and experience relevant to the operations, governance, and financial management of the Authority, the environment in which the Authority operates, and the contribution that the ARC makes to the Authority. At least one Member of the ARC must have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.

**Current membership**

Name	Role
Gabrielle Trainor AO	Board Member (Chair)
Anthea Hammon	Board Member
Elizabeth Crouch	Independent Member
Christine Hawkins AM	Independent Member
Bruce Turner AM	Independent Member

**Role and responsibility of the ARC**

The ARC has no executive powers.

The ARC is directly responsible to the Authority’s Board for the exercise of its responsibilities. In carrying out its responsibilities, the ARC must always recognise that primary responsibility for management of the Authority rests with the Chief Executive Officer under the authority of the Board.

The responsibilities of the ARC may be revised or expanded in consultation with, or as requested by, the Board from time to time.

<sup>2</sup> Defined in the *Government Sector Employment Act 2013*.

The ARC's responsibilities are to:

### **Risk management**

- Review whether management has in place a current and appropriate risk management framework that is consistent with AS ISO 31000:2018.
- Assess and advise on the maturity of the Authority's risk management framework and risk culture.
- Consider the adequacy and effectiveness of the internal control and risk management frameworks by reviewing reports from management, internal audit and external audit, and by monitoring management responses and actions to correct any noted deficiencies.
- Review the impact of the Authority's risk management on its control environment and insurance arrangements.
- Review the Authority's fraud and corruption control framework including the fraud control plan and be satisfied that the Authority has appropriate processes and systems in place to capture and effectively investigate fraud related information.
- Seek assurance from management that emerging risks (including, but not limited to, climate risk and cyber risk) are being identified and addressed.
- Seek assurance from management and Internal Audit that risk management processes are operating effectively, including that relevant internal control policies and procedures are in place and that these are periodically reviewed and updated.
- Review whether a sound and effective approach has been followed in developing risk management plans for major projects, programs, or undertakings.
- Review whether a sound and effective approach has been followed in establishing the Authority's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- Review whether a sound and effective approach has been followed in implementing work health and safety (WHS) risk and compliance controls in the form of WHS systems, procedures, policies and plans fit for purpose for the Authority's Offices and site.

### **External accountability**

- Assess the policies and procedures for management review and consideration of the financial position and performance of the Authority 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 Board (including whether appropriate action has been taken in response to audit recommendations and adjustments) and recommend their signing by the Board.
- Satisfy itself that the financial statements are supported by appropriate management signoff on the statements.
- Review the Chief Financial Officer Letter of Certification and supporting documentation (consistent with Treasury Policy Certifying the Effectiveness of Internal Controls over Financial Information (TPP17-06)).
- 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 the Authority's annual report is consistent with the signed financial statements.
- Satisfy itself that the Authority appropriately measures and reports on its performance against objectives and State Outcomes.<sup>3</sup>

### **Compliance and Ethics**

- Determine whether management has appropriately considered legal and compliance risks as part of the Authority's risk assessment and management arrangements.
- Review the effectiveness of the system for monitoring the Authority's compliance with applicable laws, regulations, and associated government policies.
- Seek assurance that the appropriate exercise of delegations is monitored and reviewed.
- Seek assurance that changes in key laws, regulations, internal policies, and Accounting Standards affecting the Authority's operations are being monitored at least once a year and appropriately addressed.
- Review the Authority's process for communicating the Code of Ethics and Conduct to staff and seek assurance as to compliance with the code.
- Review policies and processes for identifying, analysing and addressing complaints.
- Review whether management has taken steps to embed a culture which is committed to ethical and lawful behaviour.

### **Internal audit**

- Review and provide advice to the Authority 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 the Authority's risk management plan and recommend approval of the plan by the Authority.
- Advise the Authority on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan.
- Review audit findings and related recommendations, particularly those that have been assessed as a high risk if audit finding recommendations are not implemented.
- Provide advice to the Authority 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 and endorsing the internal audit charter including ensuring the appropriate structures, authority, access to senior management and reporting arrangements are in place.
- Provide advice to the Authority on the results of any external assessments of the internal audit function.
- Provide advice to the Authority on the appointment or replacement of the CAE and recommend to the Authority the appointment or replacement of external internal audit service providers.
- Assess the overall effectiveness and evaluate the performance of the CAE Audit Executive and internal audit function.

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<sup>3</sup> This includes consideration of Outcomes Budgeting measures such as Outcome Indicators and Program Performance Measures.

- ARC Chair to contribute to the CAE's regular performance review.

### **External audit**

- Act as a forum for communication between the Authority, senior management, and internal and external audit.
- Provide feedback on the financial audit coverage proposed by external audit and is informed of planned performance audit scope prior to their commencement.
- Review all external plans and reports (including management letters) in respect of planned or completed audits and monitor management's implementation of audit recommendations.

### **Responsibilities of Members**

Members of the ARC are expected to understand and observe the requirements of the Internal Audit and Risk Management Policy. Members are also expected to:

- Make themselves available as required to attend and participate in meetings;
- Ensure they have the time and capacity to sufficiently cover all agencies in the shared ARC including the time needed to study and understand the papers provided;
- Apply good analytical skills, objectivity and good judgement;
- Abide by the relevant ethical codes that apply to employment within the General Government Sector; and
- Express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry.

### **Reporting**

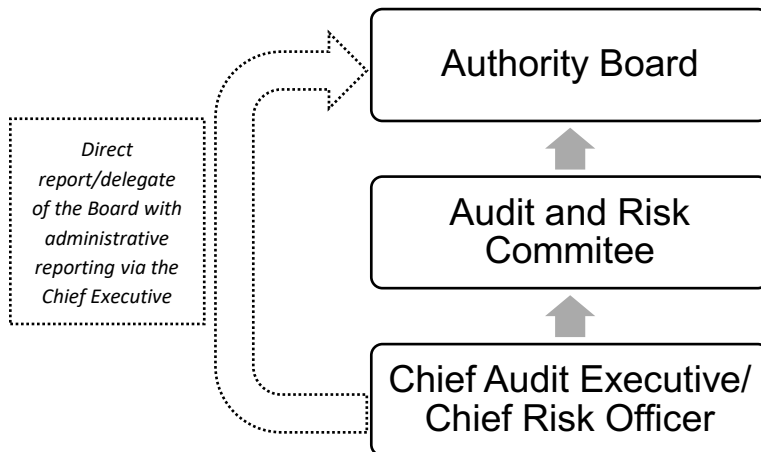
The ARC will regularly, but at least once a year, report to the Board on its operation and activities during the year. The report should include:

- An overall assessment of the Authority's risk, control, and compliance framework, including details of any significant emerging risks or legislative changes impacting the Authority;
- A summary of the work the ARC 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 the Authority's progress in addressing the findings and recommendations made in internal and external reports;
- A summary of the ARC's assessment of the performance of internal audit; and
- The ARC may, at any time, report to the Board on any other matter it deems of sufficient importance to do so. In addition, at any time an individual ARC member may request a meeting with the board.

## Reporting lines and rights of access

The ARC will 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 Board on functional matters.

The following reporting line is prescribed where the dotted line represents the 'administrative' reporting line, and the bold line represents the 'functional' reporting line:



**\* Note:** Internal audit is responsible for providing independent assurance to the Board and the ARC, including the effectiveness of the risk management framework. The Chief Audit Executive is also the nominated Chief Risk Officer for the Authority and has responsibility for the oversight and promotion of risk management within the Authority, designing the Authority's risk management framework and for the day-to-day activities of embedding the framework in the Authority.

The ARC has unrestricted access to information it considers relevant to its responsibilities. The ARC has rights of access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors.

## Administrative arrangements

### Meetings

- The ARC will meet at least four (4) times per year. A special meeting may be held to review each participating entity's annual financial statements.
- The Chair is required to call a meeting if requested to do so by any participating entity's Authority, or another ARC member.
- A meeting plan, including the meeting dates and agenda items, will be agreed by the ARC and all agencies overseen by the ARC at the beginning of each financial year.
- The estimated total remuneration per Independent Chair and Member will be determined based on the estimated number of meetings and will be monitored by the Authority.
- The meeting plan will cover all of the ARC's responsibilities as detailed in this charter.

- All attendees are responsible and for maintaining the confidentiality of the information they receive during the course of these meetings.

### Attendance at meetings and quorums

- A quorum will consist of a majority of Committee members.
- Meetings can be held in person, by telephone or by video conference.
- Any Member of the Board may attend the meetings of the ARC.
- The Chief Audit Executive (CAE), external audit representatives and any other Authority representatives may attend ARC meetings, except where the ARC members wish to have in-camera discussions. The ARC may also request the Chief Financial Officer or other employees attend committee meetings or participate for certain agenda items.
- All attendees are responsible and accountable for maintaining the confidentiality of the information they receive during the course of these meetings.
- The ARC will meet separately with both the internal and external auditors at least once a year.

### Dispute Resolution

Members of the ARC and the Authority's management should maintain an effective working relationship and seek to resolve differences by way of open negotiation. However, in the event of a disagreement between the ARC and management, including the Board, the chair may, as a last resort, refer the matter to Treasury to be dealt with independently.

### Secretariat

The Board will appoint a person to provide secretariat support to the ARC. The Secretariat will ensure the agenda for each meeting and supporting papers are circulated, after approval from the Chair, at least one (1) week before the meeting.

The Secretariat, or his or her delegate, must attend all ARC meetings as minute secretary and ensure the minutes of the meetings are prepared and maintained. Minutes must be approved by the Chair and circulated within three weeks of the meeting to each Member and ARC observers, as appropriate.

### Conflicts of interest

Once a year, the ARC members will provide written declarations to the board stating they do not have any conflicts of interest that would preclude them from being members of the ARC.

ARC members shall declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflicts of interest should be appropriately minuted. Where members or observers at ARC meetings are deemed to have an actual, or perceived, conflict of interest, the Chair (or a quorum of the Committee if the conflict of interest arises from the Chair) may excuse them from ARC deliberations on the issue where a conflict of interest exists.



**Induction**

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

**Assessment arrangements**

The Board, in consultation with the chair of the ARC, will establish a mechanism to review and report on the performance of the ARC, including the performance of the chair and each Member, at least annually. The review will be conducted on a self-assessment basis (unless otherwise determined by the Board) with appropriate input sought from the Board, the internal and external auditors, the CAE, management, and any other relevant stakeholders, as determined by the Board.

**Review of Charter**

At least once a year the ARC will review the membership and Charter of the ARC to determine its adequacy for current circumstances. This review will include consultation with the Board.

Any substantive changes to this Charter will be recommended by the ARC and formally approved by the Board. The ARC may make recommendations to the Board in relation to the ARC’s membership, responsibilities, functions or otherwise.



**Endorsed by  
Gabrielle Trainor AO  
Audit and Risk Committee Chair  
(Sign and Date)**

27February 2023

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**Approved by  
Jennifer Westacott AO  
Board Chair  
(Sign and Date)**



28 February 2023

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