
Audit, Risk and Improvement Committee - Revised Charter and Appointment of Councillor Member

Responsible Officer: Group Manager People and Performance (Helen McNeil)

Recommendation

That Council:

1. Revoke the [Audit, Risk and Improvement Committee Charter dated 16 December 2020](#) and any other revisions revoked as a result,
2. Approve the revised Audit, Risk and Improvement Committee Charter attached to this report, and
3. Invite nominations from amongst the membership of Council's governing body (excluding the Chair) for appointment as a non-voting councillor member, and substitute non-voting councillor member, on the Audit, Risk and Improvement Committee for a 2-year term or until a casual vacancy occurs, whichever is the earlier.

Background

From 1 July 2024, the composition, operations, and responsibilities of the Audit, Risk and Improvement Committee ('Committee') will need to comply with the ['Risk Management and internal audit guidelines for local government in NSW'](#) (the 'Guidelines') issued by the Office of Local Government ('OLG') and the associated amendments to the *Local Government (General) Regulation 2021* ('LG Regulation')

Historically, a voting councillor member was included on Council's Committee in accordance with the provisions of its Charter. The term of the current councillor member – Cr Rob – expired recently on 16 February 2024. Under the new Guidelines Council has the option (i.e. it is not a mandatory requirement) to permit a non-voting councillor member on the Committee. The experience, since the Committee was first established by Council in 2013, has been that the inclusion of a councillor member adds value in establishing and maintaining a direct line of communication between the governing body and the Committee. For this reason, staff recommend the continuation of the practice of appointing a councillor member to the Committee and a substitute councillor member in the event the primary member is unable to attend a Committee meeting/s.

As a result of the above regulatory changes, a review of the Committee Charter was undertaken, and a revised Committee Charter prepared ([Attachment 1](#)) with reference to the OLG's new Model Terms of Reference for Committees.

To give effect to the terms of the revised Charter and the above regulatory changes, the call for councillor member nominations in 2024 has also been altered to call for nominations of a non-voting councillor member to the Committee. The nomination form is provided as [Attachment 2](#) to the report.

Governance

Council's Committee is currently constituted of the following 3 voting members:

1. **Independent Chair** – Four-year term – Occupied by Laurie Lefcourt until September 2027;
2. **Independent Member** – Four-year term – Occupied by Andrew MacLeod until April 2025;
3. **Independent Member** – Four-year term - Occupied by Raymond Wong until September 2027.

The Committee meets five times a year with meetings in 2024 to commence from 10am on 25 March, 6 May, 22 July, 14 October (TBC) and 25 November.

The October meeting is reserved for consideration of Council's Financial Statements prior to being furnished to Council.

Committee Members can attend meetings in-person (at the Council Administration building) or remotely via Microsoft Teams. Both methods of attendance have been utilised by Committee members previously without any impact to meetings.

A report on the key points of business and a copy of the minutes of each Committee meeting are, where possible, provided to the Council at the next Council meeting following that meeting of the Committee.

Committee members are covered by Council's Public Liability, Professional Indemnity and Voluntary Workers' Insurance (excluding medical expenses) subject to the applicable policy terms and conditions.

Shared Arrangements

Under the new Guidelines and amendments to the LG Regulation, councils are permitted to share their Committee with other local government organisations. Council currently shares its Committee with the Northern Rivers Joint Organisation ('NRJO').

Under this arrangement, the NRJO achieves a cost saving in relation to the payment of Committee member sitting fees (i.e. NRJO pays 70% of the rate Council pays to its Committee members – excluding the councillor member) and Council achieves a cost saving in relation to the reimbursement of travel costs incurred by Committee members by sharing these 70:30 with the NRJO.

To support the continuation of this shared arrangement and future opportunities for entering into shared arrangements with other local government organisations, additional provisions have been included in the revised Committee Charter at page 8 and schedule 3.

Finance

Council maintains a recurrent budget allocation that covers all costs associated with payment for three independent Committee members and contract internal auditors. For 2023/24 the budget allocation is \$32,800 distributed as follows:

| Description | Rate | Budget allocation |
|---|---|---|
| Independent Chair | \$553 per meeting (CPI increase annually) | \$2,765 |
| Independent Member x2 | \$336 per meeting (CPI increase annually) | \$3,360 |
| Travel expenses – Chair and Independent Members | Vehicle expenses – as per Local Government (State) Award 2023 | E\$2,842.81 (E\$1,989.67 under 70:30 cost sharing arrangement) |
| Internal audit services | - | 17,850 |

The councillor member on the Committee does not receive a sitting fee, however actual travel and out-of-pocket expenses will be reimbursed upon request. The councillor member is also excluded

from the membership of the Committee when it is delivering services to another local government organisation (e.g. the Northern Rivers Joint Organisation) under a shared services arrangement.

Legal

In accordance with the Guidelines and amendments to the LG Regulation, the approval of the revised Committee Charter and the appointment of a non-voting councillor member to the Committee must occur by way of council resolution.

A 2-year term is proposed for the position of non-voting councillor member, however this may be much shorter if a casual vacancy occurs due, for example, to the results of the ordinary local government elections scheduled for September 2024.

Council remits compulsory superannuation guarantee contributions on behalf of the Committee Chairperson and Independent Members, where they are remunerated, in accordance with the requirements of the Guidelines. Local Government NSW ('LGNSW') are in the process of seeking a Class Ruling from the Australian Taxation Office ('ATO') to clarify whether this requirement is correct and, if so, details around ABN requirements etc. Developments in this respect are being monitored by Council staff.

Consultation

The revised Committee Charter was presented to the Committee at its November 2023 meeting and approved for referral to Council for adoption subject to modest amendments predominantly to the shared arrangement provisions.

Should the revised Committee Charter be approved by Council, it will be presented to the board of the NRJO for its approval as well.

Conclusion

The revisions to the Committee Charter are necessary to ensure compliance with the Guidelines and the LG Regulation from 1 July 2024.

The revised Committee Charter is recommended to Council for approval and nominations sought to fill the vacant non-voting councillor member position on the Committee for a 2-year term, or until a casual vacancy occurs, whichever occurs first.

Attachment

1. Revised Committee Charter (**for approval**)
2. Nomination forms (*copies also available at the meeting*)