

Ordinary Council Meeting

25 July 2023

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These attachments to be retained for Council Meeting

**Audit, Risk and
Improvement
Committee (ARIC)**

**Terms of
Reference 2022-
2023**

April 2023



TERMS OF REFERENCE

Clarence Valley Council has established an audit, risk and improvement committee in compliance with section 428A of the *Local Government Act 1993*. 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 Clarence Valley Council's audit, risk and improvement committee is to provide independent assurance to council by monitoring, reviewing and providing advice about the council's governance processes, compliance, risk management and control frameworks, external accountability obligations and overall performance.

INDEPENDENCE

The Committee is to be independent to ensure it has no real or perceived bias or conflicts of interest that may interfere with its ability to act independently and provide council with robust, objective and unbiased advice and assurance.

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

The Committee must always ensure it maintains a direct reporting line to and from the council's 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

Clarence Valley Council authorises the Committee, for the purposes of exercising its responsibilities, to:

- access any information it needs from the council
- use any council resources it needs
- have direct and unrestricted access to the general manager and senior management of the council
- 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
- request the attendance of any employee at committee meetings, and
- obtain external legal or other professional advice in line with council's procurement policies

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 approval of the general manager, 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 an independent chair and two independent members who have voting rights and one non-voting councillor, as required under the *Guidelines for risk management and internal audit for local government in NSW*.

The council is to appoint the Chair and members of the Committee. Current committee members are:

Neville Parsons	Independent chair (voting)
Barry Ford	Independent member (voting)
Christine Tyler	Independent member (voting)
Cr. Peter Johnstone	Councillor member (non-voting)

All committee members must meet the independence and eligibility criteria prescribed in the *Guidelines for risk management and internal audit for local government in NSW*.

Members will be appointed for a four-year term. 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, ideally, no more than one member should retire from the Committee because of rotation in any one year.

The terms and conditions of each member's appointment to the committee are to be set out in a letter of appointment. New members will be thoroughly inducted to their role and receive relevant information and briefings on their appointment to assist them to meet their responsibilities.

Prior to approving the reappointment or extension of the Chair's or an independent member's term, the council is to undertake an assessment of the Chair's or committee member's performance. Reappointment of the Chair or a committee member is also to be subject to that person still meeting independence and eligibility requirements.

Members of the Committee must 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. All members should have sufficient understanding of the council's financial reporting responsibilities to be able to contribute to the Committee's consideration of the council's annual financial statements.

ROLE

As required under section 428A of the *Local Government Act 1993 (the Act)*, the role of the Committee is to review and provide independent advice to the council regarding the following aspects of the council's operations:

- compliance
- risk management
- fraud control
- financial management
- governance
- implementation of the strategic plan, delivery program and strategies
- service reviews
- collection of performance measurement data by the council, and
- internal audit.

The Committee must also provide information to the council for the purpose of improving council's performance of its functions.

The Committee's specific audit, risk and improvement responsibilities under section 428A are outlined in **Appendix 1**- Schedule 1

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

The Committee has no power to direct external audit or the way it is planned and 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 council and the general manager.

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

