

ITEM 6

APPOINTMENT OF COUNCILLOR DELEGATES TO THE AUDIT COMMITTEE AND CORPORATE GOVERNANCE COMMITTEE

This report invites Councillors to nominate for Councillor Delegate positions on both the Audit Committee and Corporate Governance Committee. It also asks Council to consult further with each Committee to review their current structures.

## RECOMMENDATION

- 1 Council invite nominations for two Councillor delegate positions on the Corporate Governance Committee and two Councillor delegate positions on the Audit Committee
- 2 Elections be held to appoint two Councillor delegates to the Corporate Governance Committee and two Councillor delegates to the Audit Committee for a term of up to one year
- 3 Election of Councillor delegates be conducted by means of open voting on a show of hands
- 4 Council consult with independent members and Councillor delegates to the Corporate Governance Committee and Audit Committee with a view to determining the Committees' structures and Charters for endorsement by Council no later than June 2018.

## REPORT AUTHORISATIONS

Report of: Clare Phelan, Manager Governance and Information (Acting)

Authorised by: Kylee Cowgill, Director Corporate Services - Connected and Engaged City (Acting)

## ATTACHMENTS

- 1 Audit Committee Charter adopted 22 June 2015
- 2 Corporate Governance Committee Charter adopted 22 June 2015

## BACKGROUND

Council currently has a two-committee structure comprising of an Audit Committee, and Corporate Governance Committee which were established by Council's Administrators in 2008. The Committees function in accordance with their respective Charters, with the Corporate Governance Committee fulfilling the role of a "Risk" committee.

These two Advisory Committees to Council meet on a quarterly basis and each comprise of five voting members made up of three external independent members, one of whom is the Chairperson, and two Councillor delegates. They meet on a quarterly basis and receive reports from staff and, in the case of the Audit Committee, internal auditors.

### Corporate Governance Committee

Next Meeting: Tuesday 28 November 2017 commencing at 3.15 pm until 5.30 pm

Corporate Governance Committee meetings are generally held on the second Tuesday of February, May, August and November however Councillor availability has necessitated a change of date for the November meeting.

Corporate Governance Committee meetings commence in closed session with the Professional Conduct Coordinator in attendance (only) before moving into full Committee with management in attendance.

### Audit Committee

Next Meeting: Wednesday 13 December 2017 commencing at 9 am until 11.30 am

Meeting dates and times for 2018 are to be determined by each Committee at its next meeting.

Audit Committee meetings are generally held on the first Tuesday of the quarter in March, June, September and December commencing at 3 pm, however the timing of the Local Government NSW annual conference this year has necessitated a change of date and time for the December meeting.

The Audit Committee meetings commence with two closed sessions, the first with the Professional Conduct Coordinator in attendance, and the second with internal and external auditors in attendance. The meeting then moves into full Committee with management in attendance.

### Membership

The current independent members of the Audit Committee are:

- Mr Jim Mitchell FCPA, Chairperson
- Dr Philip Ross BBus, MCom, PhD, CA
- Mr Stephen Horne PFIIA, CIA, CGAP, CRMA, MAICD, FGIA

The current independent members of the Corporate Governance Committee are:

- Mr Terry Clout BA, FAICD, FGCRI, FRMIA, FACHSM, CPRM, JP, Chairperson
- Dr Ross Clifton PhD, MBA, MA, BEd
- Ms Catherine Hudson BEc, GAICD

Dr Philip Ross' term of appointment concludes in March 2018 and he has advised the Audit Committee Chair and members that he will not be requesting an extension to his tenure. This will result in a vacancy on the Committee that may need to be subject to a recruitment process in accordance with Council's policies on Recruitment of External Delegates to Committees.

### Changes to the Local Government Act 1993

The *Local Government Amendment (Governance and Planning) Act 2016* No 38 ("the Amending Act") received assent on 30 August 2016 although some of parts of the Amending Act have not commenced.

One of the parts of the Amending Act that has not commenced is paragraph 41 of Schedule 1 to the Amending Act, which (once it commences) will amend the Local Government Act 1993 to insert the following as a (new) Part 4A to the Local Government Act:

#### *428A Audit, Risk and Improvement Committee*

- (1) *A council must appoint an Audit, Risk and Improvement Committee.*
- (2) *The Committee must keep under review the following aspects of the council's operations:*
  - (a) *compliance,*
  - (b) *risk management,*
  - (c) *fraud control,*
  - (d) *financial management,*
  - (e) *governance,*
  - (f) *implementation of the strategic plan, delivery program and strategies,*
  - (g) *service reviews,*
  - (h) *collection of performance measurement data by the council,*
  - (i) *any other matters prescribed by the regulations.*
- (3) *The Committee is also to provide information to the council for the purpose of improving the council's performance of its functions.*

Councils can reasonably anticipate that they will, in the future, be under a statutory obligation to appoint an Audit, Risk and Improvement Committee.

## PROPOSAL

It is proposed that Council consult with Committee members to consider if there is benefit in moving to a single Committee structure, with more streamlined processes with opportunities for greater efficiencies. Any review of the Committee structure should consider the level of remuneration to independent members if moving to a single Committee structure. A single Audit, Risk and Improvement Committee would allow for a more competitive level of remuneration for independent members, whilst remaining within the current budget allocation.

There would be opportunity for a new Committee to review and set its reporting needs, agenda format and order, attendance requirements and method of reporting. For example, the current Corporate Governance Committee receives much of its information out of session, allowing additional time at each meeting for presentations on identified risks, policy changes and development, and emerging change points.

Currently, some similar or duplicated information is received by both Committees, including but not limited to Professional Conduct Coordinator reports, Monthly Financial reports, Statements of Investment, Executive KPIs, Strategic Management Cycle updates, and updates on matters of importance from the General Manager.

### Consultation

It is proposed that Council consult with all members of the current Corporate Governance and Audit Committees to seek their views on Committee structure and what that may look like for the Council moving forward. Consultation would include a review of the performance of the current Committees, identified opportunities for improvement, and setting of matters for inclusion on agendas.

Prior to the September 2017 elections, the then acting General Manager consulted with councillor members of each Committee to gauge their appetite for reviewing the structure with a view to join the two Committees into a single Audit, Risk and Improvement Committee. Councillor views varied, with the majority in favour of moving to single Committee structure.

### Charters

In any event, it is appropriate for Council to consult with Committee members to review their Charters for endorsement and report to Council for adoption no later than June 2018.

## CONSULTATION AND COMMUNICATION

The Audit Committee members, at their meeting on 5 September 2017, recommended that the Council be asked to consider the change to an Audit, Risk and Improvement Committee.

A survey of New South Wales councils was recently undertaken by members of the Local Government Internal Audit Network, with responses received from Central Coast, City of Sydney, Blacktown, Shellharbour, Parramatta, Bellingen, Camden, Wingecarribee, Port Stephens, Sutherland, Georges River, Cessnock, Newcastle, Liverpool, and Upper Hunter councils. The survey asked whether councils had an Audit and Risk Committee in place, and whether they were transitioning towards an Audit, Risk and Improvement Committee. Of the (unnamed) responses received, only two were not currently actively moving towards the implementation of an Audit, Risk and Improvement Committee.

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal "We are a connected and engaged community". It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2012-2017	Annual Plan 2017-18
Strategy	5 Year Action	Annual Deliverables
4.4.4 Policies and procedures are simplified to ensure transparency and efficiency.	4.4.4.1 Ensure policies and procedures are regularly reviewed, updated and promoted.	Support the effective operation of the Corporate Governance and Audit Committees.

## FINANCIAL IMPLICATIONS

There is no financial impact to the Council in appointing Councillor delegates to the Committees.

## CONCLUSION

The Council should appoint its Councillor delegates to the Audit and Corporate Governance Committees, in accordance with the current adopted committee structure. It is appropriate that consultation be undertaken with the members of both Committees to review the structure, and consider the potential benefits or disadvantages associated with creating a single Audit, Risk and Improvement Committee.

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

### 1 INTRODUCTION

The Audit Committee has been established to promote good corporate governance. Council is responsible for the governance of the agency that is Wollongong City Council. Council, as a corporate entity, has the responsibility for managing and controlling the affairs of the entity.

Good corporate governance of Council ensures that the people of Wollongong receive the services that they need in an effective and efficient manner, delivered with honesty and integrity.

The focus of the Audit Committee is to assist Council to work towards effective internal control of Council's financial and related records and activities, which are an important element of good governance.

The Audit Committee comprises people interested in furthering these aims. The Audit Committee is one of the two Council Committees that operate to promote good governance. The other Committee is the Corporate Governance Committee.

Advisory Committees provide advice to Council and staff in the form of expert feedback on actions and proposals; suggestions for inclusion in projects and the products of projects such as policy; guidance on matters in which they are the experts; information about significant matter in their field of expertise and assessments on the adequacy of Council's actions in that field. It is expected that advice given by an expert advisory committee would be given significant and transparent consideration by staff. All recommendations made to Council by staff on matters considered by an Advisory Committee must make it clear to Council what the Advisory Committee recommended.

The Committee is advisory to Council and will at times make recommendations that should be considered by full Council. If this is the case they would make the referral part of their recommendation and the matter would be referred to the next Council meeting agenda.

### 2 AUTHORITY

The Audit Committee is a Committee (Advisory) of Council established by resolution at the Ordinary Meeting of Council on 26 August 2008. The charter and functions of the Committee were specified by the same resolution.

### 3 RESPONSIBILITIES AND FUNCTIONS

The primary responsibility for financial and other reporting, for internal controls, for compliance with laws, for ethical behaviour, and for risk management rests with the executive management of Council.

Council has the responsibility to oversight the functions of executive management in relation to these activities. The Audit Committee assists Council in carrying out their oversight responsibilities.

The Audit Committee and the (Internal and External) Auditors will maintain professional independence when assessing management's performance of its responsibilities.

The Internal Auditor will be responsible to the General Manager, but have a direct reporting line to the Audit Committee.

The Audit Committee will serve as an independent and objective party to assist Council in determining whether management complies with relevant laws and standards, including policy directions of the Office of Local Government, in relation to the relevant audit standards.

Council will ensure that adequate resources are available to allow for the proper functioning of the Committee.

The Audit Committee will:

#### i Financial Reporting

Advise Council whether the financial information reported by management reasonably portrays Council's financial position, results of operations and significant commitments.

In fulfilling this responsibility the Committee will:

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

- Review quarterly financial statements and consider whether they are complete and consistent with information known to Committee members.
- Review the annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting policies and principles.

### ii Internal and External Audit

Have oversight of the functions of both internal audit and external audit, including where appropriate:

- Auditor engagement letters;
- Determination of fees;
- Coordination of audit activities;
- Monitor audit results and follow up activities;
- Review of auditor performance;
- Annual review of the Internal Audit Charter;
- Appointment and removal of Auditors.

In fulfilling these responsibilities the Committee will:

- Recommend to Council the appointment of both the internal auditor and the external auditor. Both appointments are to follow competitive selection processes involving the Audit Committee.
- Consider, approve and monitor the annual audit plan for internal audit activities.
- Ensure that all systems, processes, operations, functions, and activities of Council are subject to internal audit evaluation at regular intervals based on risk assessment.
- Authorise special audits and performance audits in consultation with the General Manager.
- Monitor, through the results of internal and external audits, the internal auditor's review of the adequacy and effectiveness of Council's internal control structure. This will include review of management responses to audits.
- Review Council's risk profile as developed by the Internal Auditor. The Committee will monitor the performance of management in dealing with risk and will provide advice to the Corporate Governance Committee, which will monitor Council's Risk Management Plan.
- Review draft audit reports and the practicality of any recommendations. The Committee will receive reports on the implementation by management of recommendations of audit reports.
- Review the external auditor's management letter and management's response to that letter.
- Provide input and feedback on external audit coverage and performance.

### iii Other Responsibilities

Provide advice and assistance to the Corporate Governance Committee of Council in relation to matters of ethics, conflict of interests, misconduct, or fraud that may come to notice during the activities of the Audit Committee or Internal Audit.

Consider, as appropriate, the contents of any special reports received from external regulatory agencies eg Office of Local Government, Independent Commission Against Corruption, and Ombudsman.

The Committee has no executive functions.

## 4 PRIORITIES

The priorities of the Audit Committee will be determined in accordance with the Strategic Three Year Rolling Internal Audit Plan and Annual Internal Audit Plan.

## 5 COMPOSITION OF THE COMMITTEE



# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

The Audit Committee is to be made up of five (5) persons, comprising:

- Two Councillors – appointed annually by Council or as otherwise determined by Council.
- Three independent members – to be appointed by Council

At least one of the independent members will have recent and relevant financial experience.

The Chairperson will be appointed by Council from the independent representatives.

A vacancy for an independent member of the Committee may occur upon the resignation of the member, expiry of a term of appointment as outlined in Part 6 of this charter, death of the member, failure to attend without cause three consecutive meetings, or by removal by resolution of Council.

In accordance with the *Recruitment of External Members to Committees* Policy, a selection panel will be formed and vacancies for independent members on the Audit Committee will be filled following public advertisement inviting Expressions of Interest. The selection panel will submit their recommendation to a Council meeting for determination.

Former Wollongong City Council staff and Councillors may be eligible for appointment as an independent member to the Committee following a five year 'break-from-service'.

Committee members must decline any request to act as referee to applicants for vacant positions on the Committee.

Council's General Manager, Director Corporate and Community Services, Manager Finance and Internal and External Auditors will attend Audit Committee meetings as ex-officio members and will provide professional advice to the Committee. Other Council staff, advisors or individuals may be invited to attend meetings from time to time to provide expert advice, information or presentations in relation to the Audit Committee business. These individuals will act as ex-officio members.

## 6 TERM OF APPOINTMENT

The independent members of the Committee will be appointed for a term of three years and are eligible for reappointment for an additional term of three years, subject to approval by the General Manager following consultation with the Committee Chairperson and/or Councillor members on the Committee. Thereafter Expressions of Interest will be invited and the outgoing representative will be eligible to reapply.

In order to retain experience and knowledge, there will be an opportunity for annual incremental renewal of independent members.

The removal or suspension of a Councillor or Independent Member where he/she is found by the appropriate investigative body to have behaved inappropriately (eg found to have breached disclosure of interests requirements under the Local Government Act) and/or breached Council's Codes of Conduct, following a Code of Conduct Investigation requires a resolution of Council. Formal removal or suspension of a member by Order of the NSW Civil and Administrative Tribunal (NCAT) or by the Office of Local Government is not subject to the approval of Council.

## 7 OBLIGATIONS OF MEMBERS

Members of the Audit Committee, in performing their duties, will:

- Act honestly and in good faith;
- Participate in the work of the Committee;
- Perform their duties in a manner that public trust in the integrity, objectivity, and impartiality of the Committee is conserved and enhanced;
- Advise the Chair of the Committee of any perceived, potential, or actual conflict of interest in relation to any matter before the Committee;
- Exercise the care, diligence and skill that would be expected of a reasonable person in comparable circumstances;
- Advise of any change in employment status;

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

- Comply with the charter of the Committee.

### 8 PRIVACY AND CONFLICT OF INTEREST

The Committee will comply with Council policies in relation to confidentiality, privacy and reporting. Members of the Committee will not disclose matters dealt with by the Committee to third parties except with the approval of the Committee.

A member of the committee who may have a pecuniary interest in any matter before the committee must disclose the nature of the interest to the meeting as soon as practicable and must not be present at, or in sight of, the Committee meeting:

- at any time during which the matter is being considered or discussed by the Committee, or
- at any time during which the Committee is voting on any question in relation to the matter.

This Clause does not apply where the member's interest in a matter is of a kind referred to in Section 448 of the Local Government Act – refer to Attachment 1.

### 9 AGENDA AND BUSINESS PAPERS

A Draft Agenda will be prepared and discussed with the Committee Chairperson prior to the Business Paper close off.

The close off for submission of Agenda items is 12noon on the Thursday twelve days prior to the meeting.

The final Agenda and Business Paper will be provided to Committee members at least five days prior to the Committee meeting.

Committee members and the Auditors, in Closed Session with no staff present, will receive and discuss a report from the Professional Conduct Coordinator and are able to discuss other Agenda and Business Paper Items informally prior to each meeting.

### 10 MEETINGS

The Audit Committee will meet on at least four occasions each financial year, one of which will consider the annual financial statements of Council. Committee members may from time to time meet on an informal basis, with no staff present, to discuss relevant issues.

A special meeting of the Audit Committee may be called by resolution of three members of the Committee. Business may also be considered out of session eg electronically and teleconference in order to deal with pressing matters.

Committee members who cannot attend a meeting in person have an option to attend by 'remote means' through tele/video conference (or similar), if the need arises, subject to the following conditions:

- Members may attend remotely at a maximum of two meetings per year;
- The Chairperson must be physically present in order to Chair the meeting;
- Meetings must have a quorum physically present in order to proceed;
- Members who attend by remote means, subject to the above conditions, will have it noted in the Minutes that attendance was via tele/video conference;
- Council staff cannot provide support services to non-Council equipment used by members during any tele/video conference.

Attendances at the Committee meetings will be at the discretion of the Committee, except for the General Manager, Director Corporate and Community Services and the Manager Finance who will attend as of right. The internal auditors and external auditors are to be invited to attend on a regular basis.

The Audit Committee may call upon any Manager to attend before the Committee to answer questions related to the functions of the Committee.



# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

Council will arrange for an Executive Officer and Secretary to be appointed to the Committee.

Ordinary Meetings of the Committee for the following year will be set at the December Committee meeting each year. Extraordinary Meetings of the Committee will be called by the Chair of the Committee with notice of the meeting being forwarded to members with an agenda and at least five days' notice.

Committee members will have an original vote and the Chairperson will have a casting vote, as well as an original vote, whenever the voting on a motion is equal. Ex-Officio members of the Committee have no voting rights.

The Secretary will ensure that Minutes of Committee meetings are kept to the satisfaction of the Committee. The Minutes will contain an Action Summary relating to matters dealt with by the Committee.

The Minutes are to be approved for distribution by the Chair and confirmed at the next ordinary meeting of the Committee. The Minutes will be distributed to all Committee members, members of Council's Senior Management Group and posted to the Information Folder.

The quorum for meetings of the Audit Committee will be three members, with a minimum of two independent members and one councillor member. Where the quorum is affected by the vacancies of two independent member positions, meeting quorum may be considered to be one independent member and two Councillors on these occasions only. Where the quorum is affected by the vacancy of all three independent member positions, the Committee will be considered to have no quorum. If the Chairperson is absent from a meeting, the first business of every such meeting is to elect a Chairperson from the independent members present to preside over such meeting.

### 11 WORKING PARTIES

The Audit Committee may co-opt members and other persons on matters raised by the Committee from time to time.

### 12 REPORTING

The minutes of meetings will be provided to Councillors and Council's Executive Management for information. Minutes will also be distributed to all members.

The Audit Committee reports to Council on significant matters relating to the audit function and the adequacy of the systems of internal controls. The Committee may make recommendations to Council.

The Audit Committee will submit an annual report of its activities to Council. The Committee's annual report will form part of Council's annual report.

Any matters arising that require a separate decision of Council may be reported to Council at the discretion of the Director Corporate and Community Services.

### 13 INDEPENDENT PROFESSIONAL ADVICE

The Committee may, at Council's expense, obtain such legal, accounting or other professional advice as it reasonably considers necessary for the performance of its duties.

### 14 EVALUATION AND REVIEW

A review of the Audit Committee will be undertaken every 12 months to ensure the effectiveness of the Committee as a whole, its purpose, membership and operation of the Committee is effective and to make appropriate changes.

The conduct of the assessment will be undertaken in accordance with the criteria determined by Council. These criteria must include compliance with specific elements of the Committee's Charter and particularly those responsibilities and functions as detailed in the Charter.

The Audit Committee and the Corporate Governance Committee as a joint exercise will, in July of each year, evaluate the assessments undertaken and determine the adequacy of the Charter for each Committee.

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

The Audit Committee Charter should be fully reviewed and adopted at least once by each term of Council at an open meeting of Council. Administrative and minor changes to the Charter at other times may be adopted by the Committee. Significant changes to the Charter must be referred to an open meeting of Council for adoption, following endorsement by the Committee.

### 15 REMUNERATION AND EXPENSES

The independent members of the Audit Committee will be entitled to remuneration on the basis of a Committee meeting attendance fee as determined by Council. The meeting fee is for the period 1 July to 30 June and will include all expenses incurred by the independent members in relation to their responsibilities as members of the Committee. The fee will be subject to annual review in accordance with the percentage increase in the fee payable to the Councillors as determined by the Local Government Remuneration Tribunal. The fee will be payable following each meeting of the Committee upon receipt of an invoice.

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

### Section 448 What interests do not have to be disclosed?

The following interests do not have to be disclosed for the purposes of this Chapter:

- (a) an interest as an elector;
- (b) an interest as a ratepayer or person liable to pay a charge;
- (c) an interest in any matter relating to the terms on which the provision of a service or the supply of goods or commodities is offered to the public generally, or to a section of the public that includes persons who are not subject to this Part;
- (d) an interest in any matter relating to the terms on which the provision of a service or the supply of goods or commodities is offered to a relative of the person by council in the same manner and subject to the same conditions as apply to persons who are not subject to this Part;
- (e) an interest as a member of a club or other organisation or association, unless the interest is as the holder of an office in the club or organisation (whether remunerated or not);
- (f) an interest of a member of a council committee as a person chosen to represent the community or as a member of a non-profit organisation or other community or special interest group if the committee member has been appointed to represent the organisation or group on the committee;
- (g) an interest in a proposal relating to the making, amending, altering or repeal of an environmental planning instrument other than an instrument that effects a change of the permissible uses of:
  - (i) land in which the person or a person, company or body referred to in section 443 (1) (b) or (c) has a proprietary interest (which, for the purposes of this paragraph, includes any entitlement to the land at law or in equity and any other interest or potential interest in the land arising out of any mortgage, lease, trust, option or contract, or otherwise); or
  - (ii) land adjoining, adjacent to or in proximity to land referred to in subparagraph (i);if the person or the person, company or body referred to in section 443 (1) (b) or (c) would by reason of the proprietary interest have a pecuniary interest in the proposal;
- (h) an interest relating to a contract, proposed contract or other matter if the interest arises only because of a beneficial interest in shares in a company that does not exceed 10 per cent of the voting rights in the company;
- (i) an interest of a person arising from the proposed making by council of an agreement between council and a corporation, association or partnership, being a corporation, association or partnership that has more than 25 members, if the interest arises because a relative of the person is a shareholder (but not a director) of the corporation or is a member (but not a member of the committee) of the association or is a partner of the partnership;
- (j) an interest of a person arising from the making by council of a contract or agreement with a relative of the person for or in relation to any of the following, but only if the proposed contract or agreement is similar in terms and conditions to such contracts and agreements as have been made, or as are proposed to be made, by council in respect of similar matters with other residents of the area:
  - (i) the performance by council at the expense of the relative of any work or service in connection with roads or sanitation;
  - (ii) security for damage to footpaths or roads;
  - (iii) any other service to be rendered, or act to be done, by council by or under any Act conferring functions on council or by or under any contract;
- (k) an interest relating to the payment of fees to councillors (including the mayor and deputy mayor);
- (l) an interest relating to the payment of expenses and the provision of facilities to councillors (including the mayor and deputy mayor) in accordance with a policy under section 252;
- (m) an interest relating to an election to the office of mayor arising from the fact that a fee for the following 12 months has been determined for the office of mayor;

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

- (n) an interest of a person arising from the passing for payment of a regular account for wages or salary of an employee who is a relative of the person;
- (o) an interest arising from being covered by, or a proposal to be covered by, indemnity insurance as a councillor or member of a council committee;
- (p) an interest arising from appointment of a councillor to a body as representative or delegate of council, whether or not a fee or other recompense is payable to the representative or delegate.

# CHARTER

## AUDIT COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

SUMMARY SHEET		
Responsible Division	Governance and Legal	
	<b>Date</b>	<b>Adopted/Endorsed by</b>
Date adopted	22 June 2015	Council
Date of previous adoptions:	11 November 2013 21 June 2011 18 May 2010 24 March 2009 26 August 2008	Council Council Administrators Council Council

# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

### 1 INTRODUCTION

The Corporate Governance Committee has been established to promote good governance within Council.

The focus of the Corporate Governance Committee is to assist Council to work towards ensuring that the people of Wollongong receive the services that they need in an effective and efficient manner and delivered with honesty and integrity. The Corporate Governance Committee comprises people interested in furthering these aims.

### 2 AUTHORITY

The Corporate Governance Committee is an Advisory Committee established by resolution at the Ordinary Meeting of Council on 26 August 2008. The Committee Charter and functions were specified by the same resolution and provides advice, feedback and support to Council in developing, implementing and monitoring policies and strategies which relate to the governance of Council.

The Corporate Governance Committee does not have decision making authority, the power to bind Council, nor the power to incur expenditure.

### 3 RESPONSIBILITIES AND FUNCTIONS

The primary responsibility for corporate governance, management of the financial affairs of Council, for compliance with laws and policy directions of the Division of Local Government, for ethical behaviour and for risk management rests with Executive Management of Council. Council has the responsibility to oversight the function of Executive Management in relation to these activities and the Corporate Governance Committee assists Council in this role.

A The responsibilities and functions of the Corporate Governance Committee in relation to Financial Monitoring are to -

- Review and monitor Council's financial performance against the Budget as approved by Council, both operating and capital budgets
- Develop, review and monitor of management to achieve budget balance
- Review long term financial strategies developed by management
- Review any project proposals which involve significant expenditure or joint project delivery (eg joint venture)

B The responsibilities and functions of the Corporate Governance Committee in relation to Planning and Performance Monitoring are to -

- Monitor the development of Council's annual management plan
- Review and monitor progress of Council's five year strategic plans
- Review Council's progress against key performance indicators

C The responsibilities and functions of the Corporate Governance Committee in relation to Risk Management are as follows -

The Committee is to provide assurance to Council that a comprehensive risk management plan is in place and management has a program to manage all significant risks by identification, prioritisation, and implementation of strategies, and that there are clear and specific internal accountabilities for individual Managers.

The Committee will closely monitor the risk management program to ensure a strong focus by management.

In particular, the Committee will:

- Review reports on risk assessments and controls
- Review risk management policies and procedures



# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

- Review the risk management systems and compliance processes for adequacy
- Ensure that risk assessments are reviewed by Executive Management when there are significant changes to work practices
- D The responsibilities and functions of the Corporate Governance Committee in relation to Ethical Conduct are to –
  - The Committee will review and provide advice to management on a framework for ethical conduct by Council and Council employees.
  - The Committee will review managements approach to ethical behaviour across the entity.
  - The Committee will review Council's Codes of Conduct at regular intervals to ensure consistency with the model code of the Office of Local Government.
  - The Committee will review Council's approach to:
    - Managing conflicts of interest;
    - Secondary employment policies;
    - Fraud prevention strategies;
    - Corruption risk management;
    - Developing and maintaining staff awareness of ethical conduct, risk management and corruption prevention
- E The responsibilities and functions of the Corporate Governance Committee in relation to the Annual Review of Performance of General Manager is to ensure that the review is undertaken by the Performance Review Committee and that Corporate Governance Committee Members are available for advice on governance issues, if required.

#### 4 PRIORITIES

The main priority of the Corporate Governance Committee is to effectively undertake its responsibilities and functions in order to protect Council as an entity and its reputation within the community. Council will ensure that adequate resources are available to allow for the proper functioning of the Committee.

Other priorities will be determined by the Corporate Governance Committee from time to time.

#### 5 COMPOSITION OF THE COMMITTEE

The Corporate Governance Committee is to be made up of five (5) persons, comprising:

- Two Councillors – appointed annually by Council or as otherwise determined by Council.
- Three independent members – to be appointed by Council.

The independent members of the Committee are to be appointed by Council.

The Chairperson will be appointed by Council from the independent representatives.

A vacancy for an independent member of the Committee may occur upon the resignation of the member, expiry of a term of appointment as outlined in Part 6 of this charter, death of the member, failure to attend without cause three consecutive meetings, or by removal by resolution of Council.

In accordance with the *Recruitment of External Members to Committees* Policy, a selection panel will be formed and vacancies for independent members on the Corporate Governance Committee will be filled following public advertisement inviting Expressions of Interest. The selection panel will submit a recommendation to a Council meeting for determination.

Former Wollongong City Council staff and Councillors may be eligible for appointment as an independent member to the Committee following a five year 'break-from-service'.

Committee members must decline any request to act as referee to applicants for vacant positions on the Committee.

# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

Council's General Manager, Director Corporate and Community Services and Manager Governance and Information will attend Corporate Governance Committee meetings as ex-officio members and will provide professional advice to the Corporate Governance Committee. Other Council staff, advisors or individuals may be invited to attend meetings from time to time to provide expert advice, information or presentations in relation to the Corporate Governance Committee's business. These individuals will act as ex-officio members.

### 6 TERM OF APPOINTMENT

The independent members of the Committee will be appointed for a term of three years and are eligible for reappointment for an additional term of three years, subject to approval by the General Manager following consultation with the Committee Chairperson and/or Councillor members on the Committee. Thereafter Expressions of Interest will be invited and the outgoing representative will be eligible to reapply.

In order to retain experience and knowledge, there will be an opportunity for annual incremental renewal of independent members. Such renewal is subject to approval by the General Manager following consultation with the Committee Chairperson and/or Councillor members on the Committee.

The removal or suspension of a Councillor or Independent Member where he/she is found by the appropriate investigative body to have behaved inappropriately (eg found to have breached disclosure of interests requirements under the Local Government Act) and/or breached Council's Codes of Conduct, following a Code of Conduct Investigation requires a resolution of Council. Formal removal or suspension of a member by Order of the NSW Civil and Administrative Tribunal (NCAT) or by the Office of Local Government is not subject to the approval of Council.

### 7 OBLIGATIONS OF MEMBERS

Members of the Corporate Governance Committee, in performing their duties, will:

- Act honestly and in good faith;
- Participate in the work of the Corporate Governance Committee;
- Perform their duties in a manner that ensures public trust in the integrity, objectivity, and impartiality of the Corporate Governance Committee;
- Advise the Chairperson of the Committee of any perceived, potential, or actual conflict of interest in relation to any matter before the Committee;
- Exercise the care, diligence and skill that would be expected of a reasonable person;
- Advise of any change in employment status;
- Comply with the Corporate Governance Committee's Charter; and
- Comply with Council's Codes of Conduct.

### 8 PRIVACY AND CONFLICT OF INTEREST

The Committee will comply with Council policies in relation to confidentiality, privacy and reporting. Members of the Committee will not disclose matters dealt with by the Committee to third parties except with the approval of the Committee.

A member of the Committee who may have a pecuniary interest in any matter before the Committee must disclose the nature of the interest to the meeting as soon as practicable and must not be present at, or in sight of, the Committee meeting:

- at any time during which the matter is being considered or discussed by the Committee, or
- at any time during which the Committee is voting on any question in relation to the matter.

This Clause does not apply where the member's interest in a matter is of a kind referred to in Section 448 of the Local Government Act – refer to Attachment 1.

# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

### 9 AGENDA AND BUSINESS PAPERS

A Draft Agenda will be prepared and discussed with the Committee Chairperson prior to the Business Paper close off.

The close off for submission of Agenda items is 12 noon on the Thursday twelve days prior to the meeting.

The final Agenda and Business Paper will be provided to Committee members at least five days prior to the meeting.

Committee members, in Closed Session with no staff present, will receive and discuss a report from the Professional Conduct Coordinator and are able to discuss the Agenda and Business Paper informally prior to each meeting.

### 10 MEETINGS

The Corporate Governance Committee will meet on at least four occasions each financial year. Committee members may from time to time meet on an informal basis, with no staff present, to discuss relevant issues.

A special meeting of the Corporate Governance Committee may be called by resolution of three members of the Committee. Business may also be considered out of session eg electronically and tele/video conference in order to deal with pressing matters.

Committee members who cannot attend a meeting in person have an option to attend by "remote" means through tele/video conference (or similar), if the need arises, subject to the following conditions:

- Members may attend by remote means at a maximum of two meetings per year;
- The Chairperson must be physically present at the meeting in order to Chair the meeting;
- Meetings must have at least three members physically present in order to proceed;
- Members who attend by remote means, subject to the above conditions, will have it noted in the Minutes that attendance was via tele/video conference;
- Council staff cannot provide support services to non-Council equipment used by members during any tele/video conference.

Attendances at the Committee meetings will be at the discretion of the Committee, except for the General Manager, Director Corporate and Community Services and the Manager Governance and Information who will attend as of right.

The Corporate Governance Committee may call upon any Manager to attend before the Committee to answer questions related to the functions of the Committee.

Council will arrange for an Executive Officer and Secretary to be appointed to the Committee.

Ordinary Meetings of the Committee for the following year will be set at the November Committee meeting each year. Extraordinary Meetings of the Committee will be called by the Committee Chairperson with notice of the meeting being forwarded to members with an agenda and at least five days' notice.

Committee members will have an original vote and the Chairperson will have a casting vote, as well as an original vote, whenever the voting on a motion is equal. Ex-Officio members of the Committee have no voting rights.

The Secretary will ensure that Minutes of Committee meetings are kept to the satisfaction of the Committee. The Minutes will contain an Action Summary relating to matters dealt with by the Committee.

The Minutes are to be approved for distribution by the Chairperson and confirmed at the next ordinary meeting of the Committee. The Minutes will be distributed to all Committee members and all members of Council's Senior Management Group and posted to the Information Folder.

The quorum for meetings of the Corporate Governance Committee will be three members, with a minimum of two independent members and one councillor member. Where the quorum is affected by the vacancies of two independent member positions, meeting quorum may be considered to be one independent member and two Councillors on these occasions only. Where the quorum is affected by the vacancy of all three independent member positions, the Committee will be considered to have no quorum. If the chairperson is absent from a

# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

meeting, the first business of every such meeting is to elect a chairperson from the independent members present to preside over such meeting.

### 11 WORKING PARTIES

The Corporate Governance Committee may co-opt members and other persons on matters raised by the Committee from time to time.

### 12 REPORTING

The minutes of meetings will be provided to Councillors and Council's Executive Management for information. Minutes will also be distributed to all members.

Advice and decisions of the Corporate Governance Committee relating to specific Council projects will be reported to Council as part of the project reporting process.

The Committee will submit an annual report of its activities to Council. The Committee's annual report will form part of Council's annual report.

The Committee receives regular reports from Senior Management, Council's Enterprise Risk Management Committee, Audit Committee, and Professional Conduct Coordinator.

The report from the Professional Conduct Coordinator will be considered in Closed Session and is to comprise detailed information on the number of investigations undertaken, a summary of the issues and risks identified, any external notifications deemed necessary and any other information considered appropriate.

Any matters arising that require a separate decision of Council may be reported to Council at the discretion of the Director Corporate and Community Services.

### 13 INDEPENDENT PROFESSIONAL ADVICE

The Committee may, at Council's expense, obtain such legal, accounting or other professional advice as it reasonably considers necessary for the performance of its duties.

### 14 EVALUATION AND REVIEW

A review of the Corporate Governance Committee will be undertaken every twelve months to assess the effectiveness of the Committee as a whole as well as the performance of the individual Committee members.

The conduct of the assessment will be undertaken in accordance with the criteria determined by Council. These criteria must include compliance with specific elements of the Committee's Charter and particularly those responsibilities and functions as detailed in the Charter.

The Corporate Governance Committee and the Audit Committee as a joint exercise will, in July of each year, evaluate the assessments undertaken and determine the adequacy of the Charter for each Committee.

The Corporate Governance Committee Charter should be fully reviewed and adopted at least once by each term of Council at an open meeting of Council. Administrative and minor changes to the Charter at other times may be adopted by the Committee. Significant changes to the Charter must be referred to an open meeting of Council for adoption, following endorsement by the Committee.

### 15 REMUNERATION AND EXPENSES

The independent members of the Corporate Governance Committee will be entitled to remuneration on the basis of a Committee meeting fee as determined annually by Council. The meeting fee is for the period 1 July to 30 June and will include all expenses incurred by the independent members in relation to their responsibilities as members of the Committee. The fee will be subject to annual review in accordance with the percentage increase in the fee payable to the Councillors as determined by the Local Government Remuneration Tribunal.

The fee will be payable following each meeting of the Committee upon receipt of an Invoice.

*Attachment 1 Section 448 What interests do not have to be disclosed?*



# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

### ATTACHMENT 1

#### Section 448 What interests do not have to be disclosed?

The following interests do not have to be disclosed for the purposes of this Chapter:

- (a) an interest as an elector,
- (b) an interest as a ratepayer or person liable to pay a charge,
- (c) an interest in any matter relating to the terms on which the provision of a service or the supply of goods or commodities is offered to the public generally, or to a section of the public that includes persons who are not subject to this Part,
- (d) an interest in any matter relating to the terms on which the provision of a service or the supply of goods or commodities is offered to a relative of the person by council in the same manner and subject to the same conditions as apply to persons who are not subject to this Part,
- (e) an interest as a member of a club or other organisation or association, unless the interest is as the holder of an office in the club or organisation (whether remunerated or not),
- (f) an interest of a member of a council committee as a person chosen to represent the community or as a member of a non-profit organisation or other community or special interest group if the committee member has been appointed to represent the organisation or group on the committee,
- (g) an interest in a proposal relating to the making, amending, altering or repeal of an environmental planning instrument other than an instrument that effects a change of the permissible uses of:
  - (i) land in which the person or a person, company or body referred to in section 443 (1) (b) or (c) has a proprietary interest (which, for the purposes of this paragraph, includes any entitlement to the land at law or in equity and any other interest or potential interest in the land arising out of any mortgage, lease, trust, option or contract, or otherwise), or
  - (ii) land adjoining, adjacent to or in proximity to land referred to in subparagraph (i),if the person or the person, company or body referred to in section 443 (1) (b) or (c) would by reason of the proprietary interest have a pecuniary interest in the proposal,
- (h) an interest relating to a contract, proposed contract or other matter if the interest arises only because of a beneficial interest in shares in a company that does not exceed 10 per cent of the voting rights in the company,
- (i) an interest of a person arising from the proposed making by council of an agreement between council and a corporation, association or partnership, being a corporation, association or partnership that has more than 25 members, if the interest arises because a relative of the person is a shareholder (but not a director) of the corporation or is a member (but not a member of the committee) of the association or is a partner of the partnership,
- (j) an interest of a person arising from the making by council of a contract or agreement with a relative of the person for or in relation to any of the following, but only if the proposed contract or agreement is similar in terms and conditions to such contracts and agreements as have been made, or as are proposed to be made, by council in respect of similar matters with other residents of the area:
  - (i) the performance by council at the expense of the relative of any work or service in connection with roads or sanitation,
  - (ii) security for damage to footpaths or roads,
  - (iii) any other service to be rendered, or act to be done, by council by or under any Act conferring functions on council or by or under any contract,
- (k) an interest relating to the payment of fees to councillors (including the mayor and deputy mayor),
- (l) an interest relating to the payment of expenses and the provision of facilities to councillors (including the mayor and deputy mayor) in accordance with a policy under section 252,
- (m) an interest relating to an election to the office of mayor arising from the fact that a fee for the following 12 months has been determined for the office of mayor,
- (n) an interest of a from appointment of a councillor to a body as representative or delegate of council, whether or

# CHARTER

## CORPORATE GOVERNANCE COMMITTEE

---



CHARTER ADOPTED ON 22 JUNE 2015

not a fee or other recompense is payable to the representative or delegate.



# CHARTER

## CORPORATE GOVERNANCE COMMITTEE



CHARTER ADOPTED ON 22 JUNE 2015

SUMMARY SHEET		
Responsible Division	Governance and Legal	
	Date	Adopted/Endorsed by
Date adopted	22 June 2015	Council
Date of previous adoptions:	11 November 2013 10 December 2012 21 June 2011 18 May 2010 12 June 2009 16 December 2008 26 August 2008	Council Council Council Endorsed by Administrators Authority Clause Amended and Adopted Out of Session Corporate Governance Committee Council