**AUDIT RISK IMPROVEMENT COMMITTEE 2024 WORKPLAN**

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| **R** | For ARIC Endorsement/Recommendation/Action - Decision Required |
| **A** | ARIC Accountability or Monitoring Requirement. ARIC to ensure that it is satisfied with the processes and systems in place. |
| **M** | Mandatory ARIC review requirement |
| **I** | For review and information only |

| No: | Requirement/Responsibility | How satisfied? | Responsible | Frequency | Meeting Month | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 17/01/2024 | 10/04/2024 | 10/07/2024 | 16/10/2024 |
| **1. Risk Management** | | | | | | | | |
| 1.1 | **Enterprise Risk Management (ERM)** Review whether management has in place a current and appropriate Enterprise Risk Management Framework (ERMF - Includes the Risk Management Policy, Enterprise Risk Management Plans & the Risk Action Control Plans) that is consistent with AS ISO 31000:2018 | * Enterprise Risk Management Framework document for ARIC review * Risk report outlining basis of preparation is consistent with AS/NZS ISO 31000:2018, and * that the ERMF has been updated and maintained (where necessary) during the year. | Director Corporate Services (DCS) | Annual | | R | | |
| 1.1.1 | Assess and advise on the maturity of the Council's risk management framework and risk culture | Review in accordance with the NSW Treasury Maturity Assessment Tool | DCS | Annual | | | R | |
| 1.1.2 | 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 in accordance with the NSW Treasury Maturity Assessment Tool * Quarterly Review of the Enterprise Risk Management Plan and Risk Control Action Plans | DCS | Quarterly | A | A | A | A |
| 1.2 | **Impact on Control Environment and Insurance** Review the impact of the Council's risk management on its control environment and insurance arrangements | Overall review of Council's risk assessment (net of mitigation plans) to determine whether key strategic risks are being appropriately managed/controlled. Impact of this on control environment and insurance arrangements. | DCS | Annual | | A | | |
| 1.3 | **Fraud and Corruption** Review the Council's fraud and corruption control framework (fraud management strategy, fraud management policy and fraud risk register) and be satisfied that the Council has appropriate processes and systems in place to capture and effectively investigate fraud related information. | * Review the progress (development and implementation) of the Council's Fraud Risk Assessment and Fraud Control plan * Quarterly Fraud and Corruption ARIC Reporting | DCS | Annual | | | R | |
| 1.4 | **Emerging Risks** Seek assurance from management that emerging risks (including, but not limited to, climate risk and cyber risk) are being identified and addressed. | Quarterly Review of the Enterprise Risk Management Plan and Risk Control Action Plans & review of Council Confidential Report on Matters Regarding Realised or Potential Losses | DCS | Quarterly | A | A | A | A |
| 1.5 | **Risk Management Processes** 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. | * Internal Audit review of Risk Management Framework | DCS | Bi-annually | | A | | A |
| 1.6 | **Risk Management Plans** Review whether a sound and effective approach has been followed in developing risk management plans for major projects, programs or undertakings. | Governance completes regular dashboard reporting of the projects that have been road-mapped. Every quarter all reform programs/projects are going to be reported to the Council. | DCS | Bi-annually | | A | | A |
| 1.7 | **Business Continuity Plan** Review whether a sound and effective approach has been followed in establishing the Council's business continuity planning, including whether disaster recovery plans have been tested periodically. | Annual Review of the BCP & DRP | DCS | Annual | A | | | |
| 1.8 | **Cyber Risk** • Cyber improvement activities. Focus is on implementing controls supporting the federal governments "Essential 8" security framework. • Penetration testing results for key systems and progress on remediation work resulting from vulnerabilities identified in the testing. • Cyber events & incidents. An event is a potential cyber threat due to a known vulnerability and an incident is an actual compromise i.e. third party breaches such as the HWL Ebsworth data breach. | Quarterly reporting | MICT | Quarterly | A | A | A | A |
| **2. External Accountability** | | | | | | | | |

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| 2.1 | **Financial Position and Performance** 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 of Policies and Procedures Finance has in place around the review of financial statements (i.e. Financial Management Policy, Civica Authority EOFY procedures, EOFY non Civica Procedures). * Review of Annual & Quarterly Budget Papers * Review of Financial Statements and variance analysis | CFO | Quarterly | M | M | M | M |
| 2.2 | **Review procedures around early close and year-end** | Finance to provide a copy of the early close and year end procedures for review. | CFO | Bi-annually | | M | M | |
| 2.3 | **Review of Financial Statements** Review the financial statements and provide advice to ARIC (including whether appropriate action has been taken in response to audit recommendations and adjustments) and recommend the signing at Council of the Statement by Management and Councillors. | Finance to provide the Financial Statements, position papers | CFO | Bi-annually (position papers April) | | M | | M |
| 2.3.1 | Satisfy itself that the financial statements are supported by appropriate management signoff on the statements. | Finance to provide the Financial Statements, position papers | CFO | Bi-annually (position papers April) | | M | | M |
| 2.4 | **Review cash management policies and procedures** | Review Investment Policy, Investment Strategy, Debt Recovery Policy, Creation and Funding of Financial Reserves Policy | CFO | Bi-annually | M | M | | |
| 2.5 | **Annual Report Processes** Review the processes in place designed to ensure that financial information included in the Council's annual report is consistent with the signed financial statements | Review the processes in place with DCS who coordinates the Annual Report | CFO | Annual | | | | M |
| 2.6 | **Performance Measures and Reports** Satisfy itself that the Council appropriately measures and reports on its performance against objectives | Report to ARIC on adopted KFI's and OLG Outcomes over a 4 year period on a consolidated and individual fund basis - a General Fund Operating Performance Ration ex Domestic Waste Management also to be disclosed. | CFO | Annual | | | | M |
| **3. Compliance and Ethics** | | | | | | | | |
| 3.1 | **Legal and Compliance Risks** Determine whether management has appropriately considered legal and compliance risks as part of the Council's risk assessment and management arrangements. | * Review Policy and Procedure Register * Review Compliance Framework | DCS | Annual | | A | | |
| 3.2 | **Compliance - Law, Regulations etc** Review the effectiveness of the system for monitoring the Department's compliance with applicable laws, regulations and associated government policies. | * Review the Compliance Framework * Risk Assessment | DCS | Annual | | A | | |
| 3.2.1 | Seek assurance that changes in key laws, regulations, internal policies and Accounting Standards affecting the agency's operations are being monitored at least once a year, and appropriately addressed | Annual Review of the Regulatory Compliance and Administrative Program | DCS | Annual | | A | | |
| 3.3 | **Delegations** Seek assurance that the appropriate exercise of delegations is monitored and reviewed | Delegations of Authority - Policy and Framework | DCS | Annual | | | A | |
| 3.4 | **Code of Conduct** Review the agency's process for communicating the code of conduct to staff and seek assurance as to compliance with the code | * Code of Conduct * Employee Induction | DCS/MHR | Annual | | | | A |
| 3.5 | **Addressing Complaints** Review policies and processes for identifying, analysing and addressing complaints | * Review of Council's Request and Complaints Policy (October) * A report on requests and complaints (quarterly) | DCS | Quarterly | A | A | A | A |
| **4. Internal Audit** | | | | | | | | |
| 4.1 | **Internal Audit Plan** Review the internal audit coverage and annual work plan, ensure the plan is based on the Council's risk management plan | Review the Annual Internal Audit Plan | DCS | Annual | R | | | |

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| 4.1.1 | **Internal Reviews 2024**<br>February 2024:<br>- **Review of Records Management (Objective** - Review of Council's records management system, policy, and procedures to determine if they are adequate to ensure compliance with relevant legislation.)<br>- **Review of Grant Management (Objective** - To review the adequacy of the administration of grants and related expenditure to ensure that Council complies with the grant terms and conditions in the grant agreements. Review the effectiveness of the process to identify new grant opportunities and grant applications).<br>July 2024:<br>- **Review of Work force planning (Objective** - Review the strategic planning process and outcomes including assessment of alternative work arrangements and attraction strategies. Review agreed actions and monitoring of progress.)<br>- **Review of Cyber security and data protection (Objective** - Review compliance with government guidance including "Essential Eight" and new regulations and guidelines, review incident responses processes and testing of potential incidents. Review of data protection processes.). | Reviews conducted in specified timeframe and presented to the following ARIC meeting | DCS | | | R | | R |
| 4.2 | **Internal Audit Resources**<br>Advise the ARIC on the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved internal audit plan | DCS & ARIC chair to assess | DCS | Annual | R | | | |
| 4.3 | **Audit Findings and Recommendations**<br>Review audit findings and related recommendations, particularly those that have been assessed as a high risk if audit finding recommendations are not implemented | Quarterly Reporting | DCS | Quarterly | R | R | R | R |
| 4.3.1 | Monitor management's implementation of internal audit recommendations | Quarterly Reporting | DCS | Quarterly | R | R | R | R |
| 4.4 | **Audit Reports**<br>Provide advice to the ARIC on significant issues identified in audit reports and action taken on these issues, including identification and dissemination of good practice | * Pre-Final Audit Reports provided at each ARC meeting once finalised<br> *ARC Chair's Annual Report | DCS | As needed | | | | |
| 4.5 | **Internal Audit Charter**<br>Review and endorse the internal audit charter including ensuring the appropriate Council structures, authority, access to senior management and reporting arrangements are in place | Review and endorse the Internal Audit Charter | DCS | Annual | | | | R |
| 4.6 | **External Assessments**<br>Provide advice to the ARIC on the results of any external assessments of the internal audit function | Review IA external assessment report | DCS | As needed | | | | |
| 4.7 | **Assess Chief Audit Executive**<br>Assess the overall effectiveness and evaluate the performance of the Chief Audit Executive (DCS) and internal audit function | Annual Performance Assessment | ARIC | Annual | | | | R |
| 4.7.1 | Committee Chair to contribute to the Chief Audit Executive's (DCS) regular performance review. The general manager must consult with the chair of the council's audit, risk and improvement committee on any decision affecting the employment of the staff member appointed to direct and coordinate the council's internal audit activities (DCS) and must consider the chair's views before making the decision. | Annual Performance Assessment | ARIC | Annual | | | | R |
| **5. External Audit (Audit Office)** | | | | | | | | |
| 5.1 | **External Audit**<br>Act as a forum for communication between the Council, senior management and internal and external audit | *ARIC Meeting attendance<br>* in-camera sessions<br>* Regular meetings with the Audit Office | All Committee members | Every meeting | A | A | A | A |
| 5.2 | **Financial Audit Coverage**<br>Provide feedback on the financial audit coverage proposed by external audit and be informed of planned performance audit scope prior to their commencement | * Audit Office Engagement Plan<br>* Review Performance Audit Report | All Committee members | As needed | | | | |
| 5.3 | **External Plans and Reports**<br>Review all external plans and reports (including management letters) in respect of planned or completed audits and monitor management's implementation of audit recommendations. | Review Audit Office Plans and Reports | All Committee members | As needed | | | | |
| **6. Improvement** | | | | | | | | |
| 6.1 | **Service Reviews**<br>Ensure that the adopted annual Service Review scopes are reported to ARIC | The 3 Service Review areas scopes are adopted by ARIC | DCS | Annual | | | | R |
| 6.1.1 | Outcome of Service Reviews reported back to ARIC | Completed reviews | DCS | Annual | | | R | |

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| 6.2 | **Delivery Program** ARIC review the 6 monthly progress update of Council's achievement against Delivery Program actions | Completed reviews | DCS | Bi-Annually | | R | | R |
| 6.3 | **Performance Measurement Data Review** Review of Your Council (OLG website) | Completed reviews | DCS | As data becomes available | | | | |
| 6.3.1 | Review of LG Solutions LG Analyser (Annual Financial Statements) performance | Completed reviews | DCS | Annual | | | | R |
| **ARIC Operations** | | | | | | | | |
| **7. Responsibilities of ARIC Members** | | | | | | | | |
| 7.1 | **Internal Audit Charter and Risk Management Policy** Members of the Committee are expected to understand and observe the requirements of the Internal Audit Charter and Risk Management Policy | * Review this work plan * Raise any questions to the DCS for any areas that require further clarification * Members must familiarise themselves with the relevant policies and guidelines, including Code of Conduct | All Committee members | Every Meeting | A | A | A | A |
| 7.1.1 | Make themselves available as required to attend and participate in meetings | | All Committee members | Every Meeting | A | A | A | A |
| 7.1.2 | Contribute the time needed to study and understand the papers provided | | All Committee members | Every Meeting | A | A | A | A |
| 7.1.3 | Apply good analytical skills, objectivity and good judgement | | All Committee members | Every Meeting | A | A | A | A |
| 7.1.4 | Abide by the relevant ethical codes that apply to employment within the Local Government Sector | | All Committee members | Every Meeting | A | A | A | A |
| 7.1.5 | Express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of enquiry | | All Committee members | Every Meeting | A | A | A | A |
| **8. Reporting** | | | | | | | | |
| 8.1 | **Annual Report from the ARIC** The Committee will regularly, but at least once a year, report to the Council on its operation and activities during the year. | ARIC Chair Annual Report to the Council | ARIC Chair | Annual | | | | R |
| 8.1.1 | * an overall assessment of the Council's risk, control and compliance framework, including details of any significant emerging risks or legislative changes impacting the Council | ARIC Chair Annual Report to the Council | ARIC Chair | Annual | | | | R |
| 8.1.2 | * a summary of the work the Committee performed to fully discharge its responsibilities during the preceding year | ARIC Chair Annual Report to the Council | ARIC Chair | Annual | | | | R |
| 8.1.3 | * details of meetings, including the number of meetings held during the relevant period, and the number of meetings each member attended | ARIC Chair Annual Report to the Council | ARIC Chair | Annual | | | | R |
| 8.1.4 | * a summary of the Council's progress in addressing the findings and recommendations made in internal and external reports | ARIC Chair Annual Report to the Council | ARIC Chair | Annual | | | | R |
| 8.1.5 | * a summary of the Committee's assessment of the performance of internal audit | Annual Performance Assessment | ARIC Chair | Annual | | | | R |
| 8.2 | **Report to the Council/General Manager** The Committee may, at any time, report to the Council any other matter it deems of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the General Manager or the governing body of the Council to discuss any issues relating to the committee's responsibilities is to do so through the chair of the committee, and vice versa. | * Attendance at each meeting * ARIC Chair meets with the General Manager Quarterly | All Committee members | Every meeting | A | A | A | A |
| 8.3 | **Reporting Lines** The Committee shall 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 | DCS meets with the ARIC Chair on a fortnightly basis to discuss any risk and/or audit related concerns/issues | All Committee members | As needed | A | A | A | A |
| **9. Administrative Arrangements** | | | | | | | | |
| 9.1 | **Meeting Plan** a) The Committee will meet at least four (4) times per year. A special meeting may be held to consider the ARIC's annual or four-yearly assessments b) The chair is required to call a meeting if requested to do so by the General Manager, or another Committee member c) A meeting plan, including the meeting dates and agenda items, will be agreed by the Committee and Council 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 monitored by the Council. The meeting plan will cover all of the Committee's responsibilities as detailed in the ARIC charter | a) and c) Meetings for the calendar year are agreed and finalised in October each year b) Call a special meeting, if required | a)and c) All Committee members, Secretariat b) ARIC Chair | Every meeting | A | A | A | A |

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| 9.2 | **Attendance at Meetings and Quorums**<br>a) A quorum will consist of a majority of Committee members. A quorum shall include at least two (2) independent members<br>b) Meetings can be held in person, by telephone or by videoconference<br>c) The General Manager may attend the meetings of the ARIC. Committee members, if necessary, are able to have in-camera discussions. The DCS ,external audit representatives and any other Council representatives may attend Committee meetings, except where the Committee members wish to have in-camera discussions. The Committee may also request the Chief Financial Officer or other employees attend committee meetings or participate for certain agenda items<br>d) All attendees are responsible and accountable for maintaining the confidentiality of the information they receive during the course of these meetings<br>e) The Committee will meet separately with both the internal and external auditors at least once a year | * Attendance at Meetings<br>* Representatives can be invited to attend as required<br>* In-Camera Meetings can be scheduled as required | All Committee members, General Manager | Every meeting | A | A | A | A |
| 9.3 | **Dispute Resolution**<br>Members of the Committee and the Council'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 Committee and management, including the General Manager, the chair may, as a last resort, refer the matter to Council to be dealt with independently. | Manage and maintain good working relationships | All Committee members | As Needed | I | I | I | I |
| 9.4 | **Secretariat**<br>The General Manager will appoint a person to provide secretariat support to the Committee. 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 and ensure the minutes of the meetings are prepared and maintained. Minutes shall be approved by the chair and circulated within two weeks of the meeting to each member and committee observers, as appropriate. | Secretariat appointed and working for the ARC to undertake listed activities | ARIC Chair, Secretariat | Every meeting | I | I | I | I |
| 9.5 | **Conflicts of Interest**<br>a) Once a year, the Committee members will provide written declarations to the General Manager stating they do not have any conflicts of interest that would preclude them from being members of the Committee<br>b) Committee 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<br>c) Where members or observers at committee 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 Committee deliberations on the issue where a conflict of interest exists. | a) Annual Declaration of Interest submitted to the Secretariat<br>b) Committee members declare conflicts at the beginning of each meeting<br>c) Secretariat to facilitate and manage excusals from meetings and papers | All Committee members, Secretariat | Every meeting | I | I | I | R |
| 9.6 | **Induction**<br>New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities | ARIC Chair and the Secretariat to coordinate onboarding for any new Committee members | ARIC Chair, Secretariat | As needed | I | I | I | I |
| 9.7 | **Performance Assessment**<br>The General Manager, in consultation with the chair of the Committee, will establish a mechanism to review and report on the performance of the Committee, 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 General Manager) with appropriate input sought from the General Manager, the internal and external auditors, the DCS, management and any other relevant stakeholders, as determined by the General Manager. | Annual ARIC Performance Assessments and Self Assessments are coordinated by the Secretariat | All Committee members, Secretariat, General Manager | Annual | | | | R |
| 9.8 | **ARIC Charter**<br>a) At least once a year the Committee will review this Charter. This review will include consultation with the General Manager<br>b) Any substantive changes to this Charter will be recommended by the Committee and formally approved by the General Manager | Annual ARIC Charter reviewed is scheduled in October | DCS | Annual | | | | R |