



Information package for Expression of Interest

AUDIT RISK AND IMPROVEMENT COMMITTEE INDEPENDENT MEMBER

OCTOBER 2024

Acknowledgement of country

Lake Macquarie City Council dhumaan Awabakala ngarrakal yalawaa, yalawan, yalawanan.

Lake Macquarie City Council acknowledges the Awabakal people and Elders past, present and future.

Dhumaan ngayin ngarrakalu kirraanan barayidin.

We remember and respect the Ancestors who cared for and nurtured this Country.

Ngarrakalumba yuludaka bibayilin barayida baaduka.

It is in their footsteps that we travel these lands and waters.

Wording by the Aboriginal Reference Group and translated by Miromaa Aboriginal Language and Technology Centre.





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Overview

Lake Macquarie City Council is seeking expressions of interest from suitably qualified individuals for appointment as an external independent member to Lake Macquarie City Council's Audit, Risk and Improvement Committee (ARIC).

ARIC's are mandatory for councils under section 428A of the *Local Government Act 1993*. Under section 428A of the Act, the ARIC must keep under review the following aspects of 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) internal audit.

The ARIC provides information to Council for the purpose of improving Council's performance of its functions and provides an advisory role only. It performs its role by monitoring, reviewing, endorsing and advising Council on matters set out in its Terms of Reference.

The Chair and members of the ARIC are expected to understand and observe the requirements of the *Local Government (General) Amendment (Audit Risk and Improvement Committee) Regulation 2023* and the Guidelines for Risk Management and Internal Audit for Local Government in NSW.

Members are also expected to:

- make themselves available as required to attend and participate in meetings.
- contribute the time needed to review and understand information provided to it.
- apply good analytical skills, objectivity and judgement.

- act in the best interests of the Council.
- have the personal courage to raise and deal with tough issues, express opinions frankly, ask questions that go to the fundamental core of the issue and pursue independent lines of inquiry.
- maintain effective working relationships with the Council
- maintain confidentiality in relation to all discussions and information obtained during or as a result of meetings.
- have extensive senior level experience in governance and management of complex organisations.
- have an ability to read and understand financial statements.
- have a capacity to understand the ethical requirements of government (including potential conflicts of interest).
- possess relevant professional qualifications and membership.

Structure and membership

The ARIC operates in accordance with the *Local Government (General) Amendment (Audit Risk and Improvement Committee) Regulation 2023*.

The committee structure includes:

- a chairperson
- at least two independent external members appointed by Council
- One (1) non-voting Councillor of Lake Macquarie City Council, who must not be the Mayor.

The appointment term for independent external members is up to four years ensuring that continuity of independent membership is maintained over each general Council election where possible.

Independent external members may be reappointed for a further term/s subject to a formal review of performance noting that the total term on the ARIC cannot exceed 8 years.

Committee Terms of Reference

The ARIC Charter is as adopted by Lake Macquarie City Council and available on Council's website - [Shared Decision Making - Lake Macquarie City Council](#).

Independence requirements

External members are to be independent to ensure they have no real or perceived bias or conflicts of interest that may interfere with their ability to act independently in providing Council with robust, objective and unbiased advice.

The *Local Government (General) Amendment (Audit Risk and Improvement Committee) Regulation 2023*, prescribes the following:

216E Eligibility for appointment as independent member—the Act, Sch 6, cl 19B

A council must not appoint a person as an independent member of the council's Audit, Risk and Improvement Committee unless the council is reasonably satisfied the person:

- a) is able to read and understand financial statements, and
- b) is able to understand the ethical requirements of government, including conflicts of interest, and
- c) is able to form independent judgements, and
- d) is willing to constructively challenge and question management practices and information, and
- e) is professional and ethical in the exercise of the person's duties, and
- f) is able to devote the necessary time and effort to the person's functions as a member of the committee, and
- g) has knowledge in one or more of the following that is relevant to the person's role on the Audit, Risk and Improvement Committee:
 - i. risk management
 - ii. performance management
 - iii. human resources management
 - iv. internal and external auditing
 - v. financial reporting

- vi. accounting
 - vii. management control frameworks
 - viii. internal financial controls
 - ix. governance of organisations
 - x. business operations, and
- h) is independent of the council.

216F Persons taken not to be independent of council—the Act, Sch 6, cl 19B (1)

1. The following persons are taken not to be independent of a council for the purposes of section 216E(h):
 - a. a person who is a councillor of a council in New South Wales,
 - b. a person who was a candidate for election to the council in the last election of the council
 - c. a person who was a councillor during the term of the council ending at the last election of the council
 - d. for a joint organisation or council that is a member council of a joint organisation—a person who is a non-voting representative of the board of the joint organisation
 - e. for a council that has entered an arrangement under the Act, section 428B with another council or body, a person who is an employee of the other council or body
 - f. a person who is employed by the council or was employed by the council in the previous 12 months
 - g. a person who conducts audits of the council for the Audit Office of NSW
 - h. a person who has a close personal or business relationship with a councillor or a person who has a senior role in the council that may lead to an actual or perceived conflict of interest
 - i. a person who provides, or has in the previous three years provided, material goods or services which directly affect matters considered by the Audit, Risk and Improvement Committee, Example—consultancy, legal, internal audit or advisory services

- j. a person who is a shareholder, owner, officer or employee of a company if
 - i. the company has a business relationship with the council or a related entity, and
 - ii. the business relationship comprises
 - a. a material business relationship, or
 - b. a contractual relationship, or
 - c. a direct financial interest, or
 - d. a material indirect financial interest, and
 - iii. the business relationship could reasonably be considered to be an actual or perceived conflict of interest,
 - k. a person who is a relative of a person referred to in paragraph (i),
 - l. a person who acts, or has previously acted, as an advocate for the council or a related entity, if the advocacy
 - i. relates to a material interest, and
 - ii. could reasonably be considered to be an actual or perceived conflict of interest.
2. In this section— related entity, of a council, means an entity formed by the council or an entity which the council participated in forming.

Selection Criteria

Independent members of the Audit, Risk and Improvement Committee must demonstrate the following:

Essential Criteria

- Meet the independence criteria as per the Regulation.
- An ability to read and understand financial statements and a capacity to understand the broad requirements and responsibilities of Local Government.
- Functional knowledge in areas such as risk management, performance management, human resources management, internal and external auditing, financial reporting, accounting, management control frameworks, internal financial controls, cyber security and IT Governance, Corporate Governance (including planning, reporting and oversight), or business operations

- A capacity to form independent judgements and willingness to constructively question practices.
- Can function as an independent member of the committee who is willing to challenge the status-quo and the prevailing consensus to ensure diverse perspectives are considered.
- Professional, ethical approach to the exercise of their duties and the capacity to devote the necessary time and effort to the responsibilities of an independent member of an audit, risk and improvement committee.
- Experience or expertise identified by Council from time to time that would further complement the Council's ARIC profile (Refer to essential criteria targeted in the current advertisement).

Desirable Criteria

- Extensive senior level experience in governance and management of complex organisations.
- Possession of a relevant professional qualification or membership (e.g. Institute of Internal Auditors (IIA); CPA Australia (CPA) and Chartered Accountants Australia and New Zealand (CA)); and
- Understanding the Lake Macquarie City Council local government area.
- Experience or expertise identified by Council from time to time that would further complement the Council's ARIC profile (Refer to criteria targeted in the current advertisement).

Meetings

The ARIC meets at least 4 times per year, generally March, May, August, November in addition to a meeting for the discussion on Financial Statements. Meetings run for approximately three hours dependent upon the issues to be discussed. Committee meetings are closed to the public.

Remuneration

Council currently pays nominal fees to independent members plus the Superannuation Guarantee.

Conflicts of interest

Independent committee members are required to comply with Council's [Code of Conduct](#).

Committee members must declare any conflict of interest at the start of each meeting or before discussion of a relevant agenda item or topic and, where appropriate, excuse themselves from participating in committee deliberations.

Once a year, committee members must provide written declarations to the Council confirming they do not have any conflicts of interest that would preclude them from being members of the committee. Independent committee members are 'designated persons' for the purposes of the Code of Conduct and must also complete and submit returns of their interests.

How to apply

Interested applicants must complete an Expression of Interest Form on Council's website, including:

1. A cover letter to support the expression of interest, including addressing the selection criteria
2. A current resume detailing qualifications and experiences
3. Advice on independence from the Council and its staff.

Applicants will be subject to reference checks together with a criminal record and a financial status (bankruptcy) check prior to any appointment being made. The successful applicant will be required to abide with Council's Code of Conduct commencing from the date of appointment.