

Attachment A

**Draft Position Descriptions – Audit Risk
and Compliance Committee**

Position Description (Audit Risk and Compliance Committee) Independent Chairperson

Division	N/A
Business Unit	N/A
Management Level	N/A
Grade/Band	N/A
Date position description approved	XXXXXXX

Committee overview

The City of Sydney Council has established an audit, risk and improvement committee (referred to as the Audit Risk and Compliance Committee or the ARCC) in compliance with section 428A of the *Local Government Act 1993*, section (#1bc) of the *Local Government (General) Regulation 2021* and the Departmental Chief Executive's *Guidelines for risk management and Internal Audit for local government in NSW*. These terms of reference set out the ARCC's objectives, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

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

The ARCC has an advisory and assurance role only and exercises no administrative functions, delegated financial responsibilities or any management functions. The ARCC provides 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 ARCC 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 the Chief Executive Officer on matters affecting the performance of the internal audit function.

Committee objective

The objective of the ARCC is to provide independent assurance to the 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 requirements for independent chairperson

The ARCC chair must be independent to ensure there are no real or perceived bias or conflicts of interest that may interfere with their ability to act independently and can provide the council with robust, objective, and unbiased advice about how the council is functioning.

ARCC independent chair **cannot**:

- currently be a councillor of any NSW council
- be a non-voting representative of the board of the joint organisation
- be a candidate at the last election of the council
- be a person who has held office in the council during its previous term
- be currently employed by the council or joint organisation, or been employed during the last 12 months
- conduct audits of the council on behalf of the Audit Office of NSW
- have a close personal or business relationship with a councillor or a person who has a senior role in the council that may lead to a real or perceived conflict of interest
- currently, or within the last three years, provided any material goods or services (including consultancy, legal, internal audit, and advisory services) to the council which directly affect subjects or issues considered by the ARCC
- be (or have a close family member who is a substantial shareholder, owner, officer, or employee of a company that has a material business, contractual relationship, direct financial interest or material indirect financial interest with the council or a related entity which could be considered a real or perceived conflict of interest, or
- currently or have previously acted as an advocate of a material interest on behalf of the council or a related entity which could be considered a real or perceived conflict of interest.

Current staff of the City of Sydney Council cannot serve as the chair of the ARCC, but may serve as an independent member of another council's ARIC, provided they meet the independence and eligibility criteria for membership of that council's ARIC, and the City is not participating in a shared arrangement with the other council in relation to that ARIC or the internal audit function.

Eligibility requirements for all independent ARCC members, including the chairperson

As any independent member could be appointed by the council as the ARCC chairperson, in addition to meeting the independence requirements set out above, the following eligibility criteria apply to all independent members of the ARCC, including the chairperson.

The chair of the ARCC must possess the skills, knowledge, and experience necessary to undertake the role on the ARCC effectively and to ensure the ARCC is able to operate appropriately and effectively to support the council. The following eligibility criteria for the independent chairperson reflects the minimum standards that must be met for appointment.

Essential criteria

The chairperson of the ARCC, must demonstrate the following:

- leadership qualities and the ability to promote effective working relationships in complex organisations
- an ability to communicate complex and sensitive assessments in a tactful manner to the head of the council's internal audit function, senior management and the mayor and councillors
- a sound understanding of:
 - the principles of good organisational governance and capacity to understand local government accountability, including financial reporting
 - the business of the council or the environment in which it operates
 - internal audit operations, including selection and review of the head of the council's internal audit function, and
 - risk management principles
- extensive senior level experience in governance and management of complex organisations, an ability to read and understand financial statements and a capacity to understand the ethical requirements of government (including potential conflicts of interest)
- 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, governance (including planning, reporting and oversight), or business operations
- a capacity to form independent judgements and a willingness to constructively challenge/question management practices and information,
- an ability to read and understand financial statements and a capacity to understand the ethical requirements of government (including potential conflicts of interest)
- 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, governance (including planning, reporting and oversight), or business operations, with at least one member having advanced skills in accounting and finance
- a capacity to form independent judgements and willingness to constructively challenge/question management practices and information
- a 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 the ARCC, and
- preparedness to undertake any training on the operation of the ARCC recommended by the chair based on their assessment of the skills, knowledge, and experience of the independent member.

Desirable criteria

All independent members of the ARCC, including the chairperson, should also meet the following criteria, but these are not essential:

- extensive senior level experience in governance and management of complex organisations, and
- 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).

Note: Councils are required to undertake a criminal record and financial status (bankruptcy) check of all ARCC independent members before their appointment.

Appointment of ARCC independent members, including the chairperson

When selecting ARCC members, including the chairperson, the council should ensure the ARCC has an appropriate mix of skills, knowledge, and experience to successfully implement its terms of reference and add value.

An ARCC should have:

- at least one member with financial expertise (for example, a qualified accountant or auditor or other financial professional with experience of financial and accounting matters), and
- a mix of skills and experience in:
 - business
 - financial and legal compliance
 - risk management
 - internal audit, and
 - any specialised business operations of the council, where the ARCC would benefit from having a member with skills or experience in this area.

All ARCC members, including the chairperson, should have sufficient understanding of the council's financial reporting responsibilities to be able to contribute to the ARCC's consideration of the annual financial statements.

Position Description (Audit Risk and Compliance Committee) **Independent Member**

Division	N/A
Business Unit	N/A
Management Level	N/A
Grade/Band	N/A
Date position description approved	XXXXXXX

Committee overview

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

The ARCC is to have an advisory and assurance role only and is to exercise no administrative functions, delegated financial responsibilities or any management functions. The ARCC 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 ARCC 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 the Chief Executive Officer on matters affecting the performance of the internal audit function.

Committee objective

The objective of the ARCC is to provide independent assurance to the 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 requirements for all independent members

ARCC independent members must be independent to ensure they have no real or perceived bias or conflicts of interest that may interfere with their ability to act independently and can provide the council with robust, objective, and unbiased advice about how the council is functioning.

ARCC independent members **cannot**:

- currently be a councillor of any NSW council
- be a non-voting representative of the board of the joint organisation
- be a candidate at the last election of the council
- be a person who has held office in the council during its previous term
- be currently employed by the council or joint organisation, or been employed during the last 12 months
- conduct audits of the council on behalf of the Audit Office of NSW
- have a close personal or business relationship with a councillor or a person who has a senior role in the council that may lead to a real or perceived conflict of interest
- currently, or within the last three years, provided any material goods or services (including consultancy, legal, internal audit, and advisory services) to the council which directly affect subjects or issues considered by the ARCC
- be (or have a close family member who is) a substantial shareholder, owner, officer, or employee of a company that has a material business, contractual relationship, direct financial interest or material indirect financial interest with the council or a related entity which could be considered a real or perceived conflict of interest, or
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Eligibility requirements for all independent ARCC members

As any independent member could be appointed by the council as the ARCC chair, in addition to meeting the independence requirements set out above, the following eligibility criteria apply to all independent members of the ARCC.

The chair and independent members of the ARCC must possess the skills, knowledge, and experience necessary to undertake their roles on the ARCC effectively and to ensure the ARCC is able to operate appropriately and effectively to support the council. The following eligibility criteria for all independent members reflect the minimum standards that must be met for appointment as the chair or independent member of the ARCC.

Essential criteria

All independent members of the ARCC must demonstrate the following:

- leadership qualities and the ability to promote effective working relationships in complex organisations
- an ability to communicate complex and sensitive assessments in a tactful manner to the head of the council's internal audit function, senior management and the mayor and councillors
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Note: Councils are required to undertake a criminal record and financial status (bankruptcy) check of all ARCC independent members before their appointment.

Appointment of ARCC members

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 - any specialised business operations of the council, where the ARCC would benefit from having a member with skills or experience in this area.

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