

LORD HOWE ISLAND BOARD

Business Paper

OPEN SESSION

ITEM

Audit and Risk Committee Overview.

RECOMMENDATION

The report is submitted to the Board for information.

BACKGROUND

Treasury Policy Paper 15-03 *Internal Audit and Risk Management Policy for the NSW Public Sector* requires all agencies to establish an independent Audit and Risk Committee (ARC) with appropriate expertise.

The objective of the ARC is to provide independent assistance to agency heads by monitoring, reviewing and providing advice about the agency's governance processes, risk management and control frameworks, and external accountability requirements.

The Core Requirements of the *Internal Audit and Risk Management Policy for the NSW Public Sector* are:

1. Risk Management

Core Requirement 1.1: The agency head is ultimately responsible and accountable for risk management in the agency.

Core Requirement 1.2: A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/ANZ ISO31000:2009.

2. Internal Audit

Core Requirement 2.1: An internal audit function has been established and maintained.

Core Requirement 2.2: The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing.

Core Requirement 2.3: The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.

3. Audit and Risk Committee

Core Requirement 3.1: An independent Audit and Risk Committee with appropriate expertise has been established.

Core Requirement 3.2: The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.

Core Requirement 3.3: The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.

As establishing and maintaining an ARC is expensive, the Board has entered into a shared agreement with the Department of Planning, Industry and Environment (DPIE) ARC. This service is provided by DPIE at no cost to the Board.

Each quarter the DPIE ARC Secretariat prepares agendas for approval by the Chairperson of the ARC. Once approved the agenda is distributed and papers are prepared by Board officers for consideration by the ARC. Meetings are held, and minutes produced by the Secretariat.

The Chief Executive Officer and the Manager Business & Corporate Services attended the meeting of the ARC by conference phone on Thursday 14 May 2020. Discussions involved COVID issues (health, communication, costs), both internal and external audits, a new risk register format, Rodent Eradication Project, Hybrid Renewable Energy Project, IT issues and financial reporting.

The Manager Business & Corporate Services attended two meetings in relation to finalising the annual financial Statements for 2019/20, on Friday 7 August (with Acting CEO), and on Tuesday 11th August. External Audit by the Board's Auditors (TNR) is continuing in regards to the financial statements, and in accordance with revised covid-impacted timeframes.

It is expected that an out of session Board meeting will be called for Monday 19 October to meet the legislated deadline of 21 October for submission of the financial statements. The ARC meeting scheduled for Friday 16 October will provide final approvals for this.

Please note that the ARC meetings have been scheduled for the year, but are subject to change:

- 7 October (non-financial)
- 16 October (financial statements only)
- 3 December

Members are:

- Penny Hutchinson (Chair)
- Brian Blood
- Julie Elliott
- Alan Zammit AM

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Prepared: John van Gaalen Manager Business and Corporate Services

Endorsed: Justin Sauvage Acting Chief Executive Officer