

# 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 and Environment (DPE) ARC. This service is provided by DPE at no cost to the Board.

Each quarter the DPE 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 a meeting by conference phone on Monday 9 September 2019. Draft minutes were not available at the date of writing this report. The key issues addressed at the meeting were around completion of the Annual Financial Statements 2018/19 and associated Letters of Certification and Representation Letters.

Please note that the next ARC meeting has not been scheduled as yet due to structural changes to the department (DPIE) and the ARC itself, and is therefore not due until around March 2020.

### **RECOMMENDATION**

The report is submitted to the Board for information.

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