



Audit and Risk Committee Charter



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1.0	August 2020	Initial release
1.1	November 2020	Appendix B updated with Councillor member terms

Council documents are amended from time to time, therefore you should not rely on a printed copy being the current version.

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1. INTRODUCTION

The Audit and Risk Committee (Committee) is an independent advisory committee to Council and is formed under Section 53 of the Local Government Act 2020.

The Committee is a formally appointed committee of the Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent of management.

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Charter.

2. OBJECTIVES

The primary objective of the Committee is to monitor and provide advice to assist Council in improving the quality and effectiveness of:

- Councils internal and external financial and performance reporting.
- Management of financial processes, and internal controls.
- Management of risks and the prevention of fraud.
- Compliance with laws and regulations as well as use of best practice guidelines.
- The Internal and External Audit functions.
- Monitor the compliance of corporate policies and procedures to the Local Government Act (LGA), Ministerial, Directors and overarching Governance Principals.

3. COMPOSITION OF THE COMMITTEE

The Committee will be comprised of five members as follows:

- two Councillors;
- three external independent members.

Independent members will have senior management knowledge and collective experience in financial management and risk and experience in public sector management.

The Mayor and Chief Executive Officer and Councillor Members of Committee will recommend potential independent members to Council taking account of the experience of candidates and their likely ability to apply appropriate analytical and strategic management skills.

Expressions of interest may be sought through an advertising process.

4. TERMS OF OFFICE

Councillors

Councillor Committee Members shall be appointed for a minimum of two (2) years.

Independent Committee Members

Independent Committee Members shall be appointed for an initial term of up to three years. They have a right of reappointment after the first term, with a second term to be by application. The maximum term of an independent Committee Member is three terms or nine years.

The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives. A current member is able to reapply and be appointed for subsequent terms.

If the Council proposes to remove a member of the Committee, it must give written notice to the member of its intention to do so outlining the reasons why, and provide that member with the opportunity to be heard at a Council meeting which is open to the public, if that member so requests.

When an extraordinary vacancy occurs, the replacement member will complete the term of the committee member which he/she has replaced. In the situation where the remaining term is less than 12 months, the Committee can apply to Council for leave of absence to extend the term.

5. INDUCTION AND TRAINING

Committee Members will receive formal induction training from the Director Corporate Services on the purpose and mandate of the Committee and be briefed where required in the following areas:

- Council operations
- The local government "industry"
- Financial performance
- Risk Management Framework
- Current internal audit program
- Register of outstanding audit recommendations
- Legal and Regulatory requirements
- Minutes of last 4 Committee Issues and a briefing of any issues of significance arising from the Minutes.

New members will meet with key management and internal and external auditors as soon as practical.

Members will be provided with the opportunity to attend technical and professional development courses as appropriate.

6. REMUNERATION OF COMMITTEE MEMBERS

Remuneration will be paid to each independent member of the Committee. The fee will be reviewed and set by the Council on an annual basis in line with setting the Annual Budget.

7. CHAIR OF THE COMMITTEE

The Chair shall be appointed by Council for a term of at least 12 months from the Independent members of the Committee. In the absence of the appointed Chair from a meeting, the meeting will appoint an acting Chair from the independent members present.

8. RIGHTS TO OBTAIN INFORMATION

The Committee may obtain information from any employee and any relevant external party via the Chief Executive Officer.

The Committee will have right of access to the Chief Executive Officer at any time.

The Committee may recommend the instigation of special investigations to the Council.

9. PERFORMANCE ASSESSMENT

The Committee will evaluate its own performance, on an annual basis.

Once completed a copy of the evaluation will be tabled at the next Council Meeting by the Chief Executive Officer.

10. DISPUTE RESOLUTION

In situations where a dispute arises between any Member and officers of Council, the Chair will have the opportunity to raise the grievance with the Chief Executive Officer. If the dispute is in relation to the Chief Executive Officer the Chair will raise the matter with the Mayor. The dispute will be raised in accordance with Council Dispute Resolution Policy.

11. INSURANCE

Members of the committee are covered by Council's insurance policies.

12. CONFLICT OF INTEREST, MISUSE OF POSITION AND CONFIDENTIAL INFORMATION

Section 123 (misuse of position), 125 (confidential information) and Division 2 of Part 6 (conflict of interest) of the Act apply to a member of the Committee.

All Committee Members are expected to be aware of these provisions of the Local Government Act 2020. Failure to comply with the provisions of the Act may result in the Committee Member's appointment being terminated.

12.1. Conflict of Interest

Committee Members must disclose any conflicts of interest to the Chair of the Committee. Where the conflict is related to the Chair of the Committee it must be disclosed to the Mayor.

Once a conflict of interest is identified the member of the Committee must:

1. Disclose the conflict of interest immediately before the matter is considered in the meeting, including the:
 - a) Type of interest and class; and
 - b) The nature of the interest.
2. Notify the Chair that they are leaving the meeting.
3. Leave the room and vicinity while the matter is being considered and await the Chair's direction to return.
4. Notify the Chair prior to the meeting if they are not going to be present at the meeting.

If details are private in nature then the nature of the interest can be declared to the Chair in writing prior to the meeting and the disclosure will simply be the type of interest and class.

Disclosure of conflicts of interest must be Minuted.

Independent Committee Members of the Committee will be required to sign an Initial Persons Interest Form upon commencement of their term, and a Biannual Personal Interests Return as required under the Local Government Act 2020.

12.2. Misuse of Position

Committee Members must not intentionally misuse their position to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person, or cause, or attempt to cause, determinant to council or another person.

12.3. Confidential Information

Members of the Committee must treat information received confidentially and respect the requirements of the Privacy Act.

Members will not directly or indirectly release or make available to any person information relating to the work or discussions of the Committee except in accordance with any direction of the Council.

13. CHARTER REVIEW

This Charter will be reviewed by the Committee every three years, and the Committee will provide a report to the Council recommending that the Council approve the Charter. Only the Council can approve the Charter at a formal Council Meeting.

14. OPERATIONAL PROCEDURES

14.1. Meetings

The Committee shall meet at least quarterly.

A schedule of meetings will be developed and agreed to by the members.

Additional meetings shall be convened at the discretion of the Chair or at the written request of any member of the Committee, internal or external auditor or CEO or Mayor.

Management including the Chief Executive Officer may be asked to leave meetings at any time. In addition, the agenda for each meeting shall include general business to allow members to raise other matters.

At one meeting per year, significant time will be set aside with non-officer members of the committee for the purpose of open discussion with the internal and/or external auditors.

14.2. Attendance

The Chief Executive Officer, Directors and Internal Auditor (whether a member of staff or contractor), should attend all meetings wherever possible, except when the Committee chooses to meet "in camera".

Other members of Council or Council staff may be invited to attend at the discretion of the Committee to advise and provide information when required.

Representatives of the External Auditor should be invited to attend at the discretion of the Committee but **must** address meetings considering the draft annual financial report and results of the external Audit.

Guests may be invited from time to time as appropriate.

Members will convey an apology for non attendance to Committee meetings prior to the meeting taking place. A leave of absence may be granted. If more than three (3) meetings in a row are not attended without extenuating circumstances or prior notification, that member will be made redundant from the committee.

Meetings of the Committee are not open to members of the Public and its proceedings are to be conducted in a confidential manner.

14.3. Quorum

A quorum shall be a minimum of three (3) members, two (2) of which must be Independent members of the committee.

14.4. Secretariat Services

Council shall provide secretarial and administrative support to the Committee.

14.5. Meeting agenda and minutes

An agenda and supporting documentation will be issued one week before each meeting.

Minutes will be taken by an appointed Secretary and signed by the Chair.

Minutes will be audio recorded each meeting. Recordings will be retained by the Secretary for six months.

14.6. Work plan

A schedule of an Annual Work Program will be developed and approved by the committee. The form of the schedule is shown in Appendix A.

15. DUTIES AND RESPONSIBILITIES

It is the responsibility of the Committee to provide Council with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the organisation:

15.1. Risk Management

- Review whether management has in place a current and comprehensive Risk Management Framework and Strategy for effective identification and management of business and financial risks;
- Review Council's Risk Register to satisfy itself that all risk identified as extreme are appropriately managed; and
- The register is being reviewed and updated by management in accordance with the strategy.

15.2. Financial Reporting

- Satisfy itself the annual financial reports comply with applicable Australian Accounting Standards and are supported by appropriate management review and sign-off;
- Review the external audit opinion, including whether appropriate action has been taken in response to audit recommendations and adjustments;
- Consider any contentious financial reporting matters in conjunction with the Council's management and external auditors; and
- Satisfy itself there is a performance management framework linked to organisational objectives and outcomes.

15.3. Legislative Compliance

- Determine whether management has appropriately considered legal and compliance risks as part of the risk register;
- Determine whether management has appropriate strategies in place to manage these risks; and
- Receive a report at each meeting on any relevant new Legislation or Government Policy changes.

15.4. Internal Audit

- Set the Internal Audit work program, to review whether appropriate internal controls are in place;
- Consider the adequacy of internal audit resources;
- Review all audit reports;
- Consider significant issues identified in audit reports and action taken on issues raised;
- Monitor the implementation of internal audit recommendations by management; and
- Periodically review the performance of Internal Audit.

15.5. External Audit

- Provide input and feedback on the external audit plan;
- Review all external audit reports;
- Monitor the implementation of audit recommendations by management; and
- Consider significant issues raised in relevant external audit reports and better practice guides and ensure appropriate action is taken.

16. REPORTING

The Director of Corporate Services shall after every meeting of the Committee forward the Minutes of that meeting to the next Ordinary Meeting of the Council, including a report explaining any specific recommendations, formal resolutions, and key outcomes.

The Chair of the Committee will also provide Council with:

- (a) A summarised yearly report of the activities of the Committee for inclusion in the Council's Annual Report.
- (b) Other matters the Chair believes need to be reported to the Council.
- (c) The report is to be reviewed and authorised by the Chair prior to its inclusion in the Annual Report.

17. APPROVAL

The Audit and Risk Committee Charter was approved by Council on 18 August 2020.

Adopted by the Audit and Risk Committee & Council:

Signed:		Signed:	
Print:	WILLIAM LAURENCE MOTT	Print:	WARREN POLLOCK
Title:	Mayor Swan Hill Rural City Council	Title:	Chair-Audit & Risk Committee
Date:	20/8/2020	Date:	27/8/2020

APPENDIX A - AUDIT & RISK COMMITTEE ANNUAL PROGRAM

Item	February	May	September	December
Department Presentation	X	X		X
Review of Internal Audit Reports	X	X	X	X
Review of Financial Statements			X	
Review of Risk Register	X	X	X	X
Review Quarterly Financial Report	X	X		X
Review of Audit Committee Performance				X
Internal Audit Forward Program		X		
External Audit Strategy		X		
Significant Legislative changes	X	X	X	X
Frauds and Breaches of Law reports	X	X	X	X
External Audit Interim Management Letter		X		
External Audit Final Management Letter			Draft	Final
Annual Report of Audit Committee Activities		Draft	Final	
Topic items	As Required	As Required	As Required	As Required
General Business	X	X	X	x
Review of Performance of Internal Auditor				X
Review Risk Management Framework	X			

APPENDIX B - TERMS OF APPOINTMENT

The current committee members' terms of appointment are as follows:

Mr Rod Saville	3 year term - appointment expires on 18 November 2021
Mr Robert Jardine	3 year term - appointment expires on 21 February 2021
Cr Les McPhee	2 year term - appointment expires on 24 November 2022
Cr Jade Benham	2 year term - appointment expires on 24 November 2022

The current Chair and term of position is as follows:

Mr Warren Pollock	3 year term - appointment expires 21 August 2022.
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