



Audit & Risk Committee Charter

(Pursuant to Section 53(2) of the Local Government Act 2020)

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1 Purpose

West Wimmera Shire Council has established an Audit & Risk Committee (the Committee) pursuant to Section 53 of the Local Government Act 2020 (the Act) to support Council in discharging its oversight responsibilities related to financial and performance reporting, risk management, fraud prevention systems and control, maintenance of a sound internal control environment, Council's performance with regard to compliance with its policies and legislative and regulatory requirements, and assurance activities including internal and external audit. It acts in this capacity by monitoring, reviewing, endorsing and advising on the above matters as set out in this Charter. This Charter has been developed in accordance with Section 54 of the Act.

The appointment of independent members to the Committee as outlined in this Charter enables the Committee to provide advice to Council on matters related to its responsibilities based on broader skills and experience than might otherwise be the case and in so doing bring additional benefits to Council.

The Committee has no executive authority and no delegated financial responsibilities and is therefore independent of management.

2 Authority

The Committee is directly responsible to Council for discharging its responsibilities as set out in this Charter. The Committee has no delegated authority from Council unless specifically provided by Council from time to time and any such authority shall be temporary and may only relate to specific matters as directed by Council.

The Committee has the authority to:

- 2.1** Provide advice and make recommendations to Council on matters within its areas of responsibility;
- 2.2** Retain counsel of relevant independent experts where it considers that is necessary in order to execute its responsibilities, subject to prior agreement with the Chief Executive Officer;
- 2.3** Seek any relevant information it requires from Council, Council Officers (who are expected to co-operate with the Committee's requests) and external parties;
- 2.4** Meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities; and
- 2.5** Through the Chief Executive Officer, have access to appropriate management support to enable it to discharge its responsibilities effectively.

3 Membership and Tenure

The Committee will consist of at least five members appointed by Council, three of whom must be independent members. Council employees cannot be members of the Committee. Details of membership and tenure are set out below:

Independent Members

3.1 Independent members will be appointed for three-year terms.

3.2 Independent members may be reappointed for one additional three-year term subject to satisfactory performance, unless otherwise resolved by Council.

3.3 Independent members must collectively have expertise in financial management and reporting and risk management and also experience in public sector management.

3.4 Independent members terms of appointment will be set so that as far as possible only one member retires at a time in order to minimize the loss of knowledge of Council's business that may occur on change of membership.

3.5 Remuneration will be paid to independent members as approved by Council from time to time.

Councillor Members

3.6 Councillor members will be appointed to the Committee by Council.

3.7 Councillor members shall be appointed for a two-year term and may be appointed by Council for a further two-year term.

3.8 Should an appointed Councillor member not be able to attend a committee meeting, Council can appoint an alternate member to act in such circumstances, either on a meeting-by-meeting basis or for the entire year.

Chairperson

3.9 The Chairperson of the Committee must be an independent member.

3.10 Council will appoint the Chairperson of the Committee.

3.11 If the Chairperson is unable to attend a meeting, the members in attendance at the meeting will appoint a Chairperson for that meeting from among the attending independent members.

Quorum for Meetings

3.12 A quorum shall comprise at least one Councillor member and two independent members.

AUDIT & RISK COMMITTEE

5 Members Committee



3 Independent Members

2 Councillors

Tenure 3 Years

Tenure 2 Years

Extension allowed for an additional term of 3 Years

Appointed by the Council Annually

Extension allowed for an additional term of 2 Years

Chairperson

Chairperson MUST be appointed from the Independent Members

Council will appoint the Chairperson

Quorum



*Atleast 2 Independent Members **and** 1 Councillor*

4 Meetings

4.1 The Committee will meet at least four times a year, and authority to convene additional meetings, as circumstances require.

4.2 A schedule of meetings and work plan aligned to this Charter will be developed annually and agreed by members with the work plan tabled at every meeting of the Committee.

4.3 All Committee members are expected to attend each meeting in person preferably, although attending the meeting through electronic means will be considered equally effective to facilitate the Committee members amid remoteness of the Council offices.

4.4 The Committee will invite members of Council's management team, the internal and external auditors and other personnel as appropriate to attend meetings. The Chief Executive Officer and the Director Corporate Services and Manager Finance (or equivalents) will attend all meetings, except for confidential matters as determined by the Chairperson.

4.5 Committee members and the internal and external auditors can request the Chairperson to convene additional meetings if they feel that is justified to address unexpected matters that may have arisen.

4.6 Meeting agendas and appropriate briefing materials will be provided to members at least three business days before each meeting.

4.7 Minutes will be prepared for all meetings.

5 Responsibilities

The Committee will carry out the following responsibilities.

Financial and Performance Reporting

5.1 Monitor significant accounting and external reporting issues, including complex or unusual transactions, transactions and balances in areas where judgement is required, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report and the audit thereof;

5.2 Monitor changes to the Local Government Performance Reporting Framework and understand the impact of those changes on Council's performance indicators;

5.3 Review the annual financial report and annual performance statement and consider whether they are complete, consistent with information known to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance and position;

5.4 Review with management and the external auditors the results of the audit, including any difficulties encountered by the auditors and how they were resolved;

5.5 Recommend the adoption of the annual financial report and annual performance statement to Council; and

5.6 Review the appropriateness of the format and content of periodic management financial reports and performance statements to Council as required.

Risk Management

- 5.7** Monitor annually the effectiveness of Council's risk management framework;
- 5.8** Monitor Council's risk appetite statement and the degree of alignment with Council's risk profile;
- 5.9** Monitor Council's risk profile and the changes occurring in the profile;
- 5.10** Monitor Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;
- 5.11** Monitor the insurance programme annually prior to renewal; and
- 5.12** Monitor the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.

Fraud Prevention Systems and Controls

- 5.13** Monitor Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programme;
- 5.14** Receive reports from management about actual or suspected instances of fraud or corruption including analysis of the underlying control failures and action taken to address each event; and
- 5.15** Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.

Internal Control Environment

- 5.16** Monitor the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment and for complying with the overarching Governance Principles;
- 5.17** Monitor that key policies, systems and controls are reviewed regularly and updated where required;
- 5.18** Monitor significant changes to systems and controls including whether those changes significantly impact Council's risk profile; and
- 5.19** Ensure that a programme is in place to test compliance with systems and controls;

Compliance Management

5.20 Monitor the systems and processes implemented by Council for managing compliance with relevant legislation and regulations and the results of management's follow up of any instances of non-compliance;

5.21 Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code;

5.22 Obtain briefings on significant changes in relevant legislation and regulations, and on any significant compliance matters; and

5.23 Receive reports from management on the findings of any examinations by regulatory or integrity agencies (whether related to investigations at Council or other agencies), such as the Ombudsman, IBAC, Victoria Government Inspectorate, etc. and monitor Council's responses.

Internal Audit

5.24 Review and recommend to Council for approval the three year strategic internal audit plan, the annual internal audit plan;

5.25 Monitor progress on delivery of annual internal audit plan;

5.26 Review and approve proposed scopes for each review in the annual internal audit plan;

5.27 Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;

5.28 Meet with the leader of the internal audit function at least annually in the absence of management;

5.29 Monitor action by management on internal audit findings and recommendations;

5.30 Monitor the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work;

5.31 Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider, including being appropriately briefed on the need for any proposed change; and

5.32 Recommend to Council, if necessary, the termination of the internal audit contractor.

External Audit

5.33 Receive and note the external audit scope and plan proposed by the external auditor;

5.34 Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information;

5.35 Monitor the significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner;

5.36 Monitor the effectiveness of the external audit process and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views;

5.37 Monitor the findings and recommendations of any relevant performance audits undertaken by VAGO and Council's responses to them; and

5.38 Meet with the external auditor at least annually in the absence of management.

6 Reporting to Council

6.1 Minutes of Committee meetings will be provided to Council at the first available opportunity after clearance by the Committee Chairperson following each Committee meeting; and

6.2 The Chairperson will prepare a report to Council through the Chief Executive Officer on the Committee's activities twice per annum. One of these reports will be prepared after the meeting at which the annual financial report and the annual performance statement have been considered and recommended to Council for adoption, such report indicating how the Committee has discharged its responsibilities as set out in this Charter for the previous year.

7 Performance Evaluation

The Committee shall undertake a process to evaluate its performance annually and report the outcomes of the evaluation process to Council through the Chief Executive Officer, including recommendations for any opportunities for improvement. The evaluation will include feedback from both Committee members and senior officers who have regular interactions with the Committee.

8 Committee Member Regulatory Obligations

Committee members are expected to be aware of their obligations under Section 53 of the Act. These obligations relate to misuse of position as a member of the Committee (Section 123), confidential information (Section 125) and conflict of interest (Sections 126 to 131). Details about these obligations are included in Appendix A to this Charter.

9 ARC Members Remuneration

9.1 Independent members shall be remunerated for attendance at all meetings. An exception to this shall be applied where an independent member is part of a reciprocal arrangement with another municipality. In this instance no payment shall be made.

9.2 The chair shall receive an additional 10% allowance over the allowance paid to other members.

9.3 The payment amount shall be indexed annually on 1 January by the immediately preceding December quarter Melbourne all groups CPI.

9.4 Payment shall be made via Council's Accounts Payable process upon receipt of an appropriate invoice from the member.

10 Review of Charter

The Committee shall review and assess the adequacy of the Charter every two years or earlier if necessary and submit requests to Council through the Chief Executive Officer for revisions and improvements for approval.



Appendix A Committee Member Regulatory Obligations

MISUSE OF POSITION

Section 123 (1) of Local Government Act

A Committee member must not intentionally misuse their position to:

- a. Gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or
- b. Cause, or attempt to cause, detriment to the Council or another person

Section 123 (3) of Local Government Act

Circumstances involving misuse of a position by a member of the Committee include:

- a. Making improper use of information acquired as a result of being a member of the Committee; or
- b. Disclosing information that is confidential information; or
- c. Directing or improperly influencing, or seeking to direct or improperly influence, a member of Council staff; or
- d. Exercising or performing, or purporting to exercise or perform, a power, duty or function that the person is not authorised to exercise or perform; or
- e. Using public funds or resources in a manner that is improper or unauthorised; or
- f. Participating in a decision on a matter in which the member has a conflict of interest.

CONFIDENTIAL INFORMATION

Section 125 of Local Government Act

A member of the Committee must not intentionally or recklessly disclose information that the member knows, or should reasonably know, is confidential information. There are some exemptions to this requirement, the key one being that if the information disclosed by the member has been determined by Council to be publicly available.

CONFLICTS OF INTEREST

Section 126 of Local Government Act

A member of the Committee has a conflict of interest if the member has:

- a. A general conflict of interest as described in Section 127; or
- b. A material conflict of interest as described in Section 128.

Section 127 of Local Government Act

A member of the Committee has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the members private interests could result in that member acting in a manner that is contrary to their public duty as a member of the Committee.

Section 128 of Local Government Act

A member of the Committee has a material conflict of interest in a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter.

Please Note

The above guidance is not verbatim from the Act and does not include all details as explained in Part 6, Division 1 of the Act. For a full understanding of the requirements of the Act in relation to the matters summarised above, members are expected to make themselves fully aware of the requirements of the Act.

