

Audit and Risk Committee Charter

Approval Body:	Council
Endorsement Date:	20 February 2020
Council Plan Reference	3.2
Current Version:	2.0 <i>Council policy documents change from time to time and it is recommended that you consult the electronic reference copy on Casey Council's Website to ensure that you have the current version. Alternatively, you may contact Customer Service on 9705 5200.</i>
Compulsory Review Cycle:	1 year
Review Date:	30 October 2021 <i>It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.</i>
Responsible Department	Governance
Relevant Legislation:	<i>Local Government Act 2020</i>
Relevant Council Documents:	Councillor Code of Conduct Governance Rules
Breaches:	Breaches will be dealt with under the provisions of the following: <ul style="list-style-type: none"> - Code of Conduct for Councillors - Code of Conduct
ECM ID:	14341819

1. Purpose

The Committee's role is to monitor, review and advise Council on the standard of its financial control, risk management and corporate governance in accordance with section 54 of the Local Government Act 2020 (the Act).

2. Authority

The Committee is established as an advisory Committee of Council in accordance with Section 53(1) of the Act, reporting to Council. Council's insurance policies will provide indemnity to Audit and Risk Committee members.

3. Membership and Tenure

The Audit and Risk Committee will comprise four (4) persons appointed by Council, one (1) of whom will be a Councillor, and three who must be independent public members. The Committee must collectively have expertise in financial management and risk, as well as experience in public sector management.

Council employees, and those with a conflict of interest, including a financial interest in Council business, shall be ineligible for membership.

A quorum for the Committee consists of two (2) independent members and one (1) Councillor, to be present at the meeting.

3.1 Independent Members

The appointment of independent members of the public shall be for a period of three (3) years, with the term expiring on 31 December of the relevant year.

Independent members may be reappointed for two additional three-year terms subject to satisfactory performance, that is, a maximum of nine years.

In the event of a vacancy occurring on the Committee prior to the expiration of the term for that position, Council will advertise for the position to be filled for the remainder of that current term.

3.2 Councillor Members

The Council will by resolution of Council confirm its delegate to the Committee annually at the meeting which elects the Mayor.

Should an appointed Councillor be unable to attend a Committee meeting, this can be delegated to another councillor to act.

4. Chairperson

The Chairperson of the Committee must be an independent member in accordance with s.54(4) of the Act.

Council will by resolution of Council appoint the Chairperson of the Committee for the duration of their term as member of the Committee.

Should the Chairperson be unable to attend a Committee meeting, an alternate independent member will be required to assume the role of acting Chairperson.

5. Replacement of a Member

In the event that an independent public member is not physically present for any three (3) meetings in any twelve (12) month period, unless Council at an open meeting resolves otherwise, a vacancy occurs, and a position shall be filled following advertising process.

In the event the Council proposes to replace a member of the Committee, it must give 4 weeks written notice to the member of its intention to do so and provide that member with the opportunity to be heard if that member so requests.

6 Duties

6.1 External Audit

- 6.1.1. To meet with the external auditor prior to the audit (and during the audit if any material issues arise) to gain an understanding of major areas of focus of the audit.
- 6.1.2. To discuss with the external auditors' matters arising from their audit.
- 6.1.3. To make comment on management's response to the external auditor's report.
- 6.1.4. To monitor the implementation by management of the external auditor's recommendations that are adopted by Council.
- 6.1.5. To recommend and oversee any Due Diligence Audit required.
- 6.1.6. The Committee is able to meet separately with the external auditor without management present at the August meeting of the Committee.

6.2 Financial Reporting

- 6.2.1. To monitor compliance with the statutory requirements for financial reporting.
- 6.2.2. To review the annual financial statements prior to their approval by Council.
- 6.2.3. To review any accruals, provisions or estimates which significantly affect the financial statements.
- 6.2.4. To oversee the processes in place for litigation, claim or contingency that could have a material effect on Council's financial position or operating result.
- 6.2.5. To review Council's financial position and where remedial action is required to recommend this to Council.
- 6.2.6. To monitor processes in place for disclosing related party transactions.

6.3 Risk Management

- 6.3.1. Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of Council's financial and business risks, including fraud.
- 6.3.2. Monitor and provide advice on risk management and fraud prevention systems and controls
- 6.3.2. Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
- 6.3.3. Review the impact of Council's risk management framework on its control environment and insurance arrangements.
- 6.3.4. Review whether a sound and effective approach has been followed in establishing Council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- 6.3.5. Monitor the application of the framework with regard to Council activities.
- 6.3.6. Ensure that material business risks are dealt with satisfactorily.

6.4 Accounting and Investment Policies

- 6.4.1. To review Council's accounting principles, policies and procedures as required to ensure they are contemporary and appropriate
- 6.4.2. To review at least annually Council's investment policy.
- 6.4.3 To monitor Council's financial and performance reporting

6.5 Internal Audit

- 6.5.1. To review, approve and endorse the risk based three-year strategic internal audit plan developed by the Internal Auditor through consultation with management, along with the annual internal audit plan.
- 6.5.2. Review reports of internal audit and the extent to which Council and management react to matters raised by internal audit, by monitoring the implementation of recommendations made by internal audit.
- 6.5.3. To review the progress of internal audit in achieving the audit plan.
- 6.5.4 The Committee is able to meet separately with the Internal Auditor, without management present, at the June meeting of the Committee.

6.6 Ethical and Statutory Compliance

- 6.6.1. To monitor the process and arrangements made for complying with statutory requirements.
- 6.6.2. To monitor ethical standards and related party transactions of both Councillors and staff.
- 6.6.3. To receive a report at each meeting in relation to compliance with the relevant legislation concerning ethical and statutory compliance issues, Councillor and staff Codes of Conduct, fraud and other matters concerning litigation.
- 6.6.4 To monitor the compliance of Council Policies and procedures with the overarching governance principles and the Local Government Act 2020, and any Ministerial Directions.

6.7 Tendering

- 6.7.1 Members of the Committee shall not be appointed to Council Tender Evaluation Panels, other than in the case where the tender relates to persons or organisations, who would be undertaking work for the Audit and Risk Committee.

6.8. Performance Evaluation

As per sections 54(4) & (5) of the *Local Government Act 2020* the Committee will:

- 6.8.1 Undertake an annual assessment of its performance against the Audit and Risk Committee Charter and provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council meeting and
- 6.8.2 Prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations and provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.

7. Meeting and Reporting Requirements

The Committee must adopt an annual workplan and will meet quarterly to address their responsibilities. More frequent meetings can be called by any Committee member or on the request of the auditors.

In addition to the quarterly meetings, a separate meeting will be held in August to specifically review the draft Financial and Performance Statements and Council's financial position.

Meetings are closed to the public due to the sensitive nature of items that are considered by the Committee. Information disclosed to members of the Committee is confidential to the Committee.

A copy of the unconfirmed minutes of each meeting will be forwarded to the next Ordinary Council meeting.

8. Conflict of Interest

Any conflict of interest must be declared at the commencement of the meeting and prior to the consideration of the matter. The member who has declared a conflict of interest must vacate the meeting while the item is being considered by the Committee. Independent public members are required by the Local Government Act to complete Returns of Interest every six (6) months.

9. Access to Information and Independent Advice

The Committee has the authority, subject to the law, to access any information, document, report or material of Council.

The Committee may request that independent legal, financial and other advice be sought as it considers necessary with the cost to be borne by Council.

10. Internal Audit

Council will make an annual budget provision for internal audit services.

The internal auditor shall be responsible for the provision of internal audit services, in accordance with the Annual Plan approved by the Audit and Risk Committee.

11. Remuneration

A fee will be paid to each independent public member.

12. Review

The Audit & Risk Charter must be reviewed annually.

13. Document History

Date approved	Change Type	Version	Next Review Date
18 August 2020	Adopted	1.0	30 August 2021
20 September 2020	Added Cover page Made changes to section 5 & 8 Added document history section	2.0	30 September 2021