

OATH OR AFFIRMATION OF OFFICE

"I, «Councillor» of «Residential_Address»

swear that:

"I will undertake the duties of the office of Councillor in the best interests of the municipal community.

I will abide by the Councillor Code of Conduct and uphold the standards of conduct set out in the Councillor Code of Conduct.

I will faithfully and impartially carry out and exercise the functions, powers, authorities and discretions vested in me under the Local Government Act 2020 or any other Act to the best of my skill and judgment."

Dated: 17 November 2020

Signed:

Made before me:

Declan Moore, Chief Executive Officer

Attachment 10.1



**Campaspe Shire Council
Audit and Risk Committee
Charter**

Date of Approval: 21 July 2020

Campaspe Shire Council – Audit and Risk Committee Charter

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Campaspe Shire Council – Audit and Risk Committee Charter

1. Purpose

The Campaspe Shire Council has established an Audit and 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, assurance activities including internal and external audit; and
- Council's performance with regard to compliance with its policies and legislative and regulatory requirements.

The Committee 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.

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 will be temporary and may only relate to specific matters as directed by Council.

The Committee has the authority to:

- Endorse key documents and reports that must be approved by Council, including annual financial reports, annual performance statements, new or revised policies and other documents that assist in maintaining a strong internal control environment;
- Approve internal audit plans including internal audit plans with an outlook of greater than one year, and provide feedback on external audit plans;
- Provide advice and make recommendations to Council on matters within its areas of responsibility;
- 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;
- Seek any relevant information it requires from Council, Chief Executive Officer and external parties;
- Meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities, subject to prior agreement with the Chief Executive Officer.

The Committee will, through the Chief Executive Officer, have access to appropriate management support to enable it to discharge its responsibilities effectively.

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3. Membership and Tenure

The Committee will consist of five members appointed by Council, three of whom must be independent members. Council employees cannot be members of the Committee. Council may appoint an independent affiliate member.

Details of membership and tenure are set out below:

Independent Members

- 3.1 will be appointed for four year terms;
- 3.2 may be reappointed for one additional four-year term subject to satisfactory performance, that is, a maximum of eight consecutive years;
- 3.3 must collectively have expertise in financial management and reporting and risk management and also experience in public sector management;
- 3.4 terms of appointment will be set so that as far as possible only one member retires at a time in order to minimise the loss of knowledge of Council's business that may occur on change of membership;
- 3.5 have full voting rights;
- 3.6 receive an annual allowance as approved by Council, having reviewed the allowance once every four years with like sized rural councils. An approved allowance will be increased annually by the annual CPI percentage based on the March quarter result for Melbourne All Groups CPI;
- 3.7 absent for two consecutive meetings, without submitting an apology or been granted a leave of absence, will create a casual vacancy.

Independent Affiliate Member

- 3.8 will be appointed for a single two year term;
- 3.9 may be appointed to an Independent Member role for two additional four-year terms subject to satisfactory performance, that is, a maximum of ten consecutive years;
- 3.10 must have expertise in either financial management and reporting or risk management or experience in public sector management, demonstrate an interest in the committee and live and work within the municipality of Campaspe Shire Council;
- 3.11 does not have voting rights, however, will be entitled to receive all information, attend all meetings and participate in the deliberations of the Committee.
- 3.12 absent for two consecutive meetings, without submitting an apology or been granted a leave of absence, will create a casual vacancy.

Councillor Members

- 3.13 Councillor members will be appointed to the Committee by Council annually;
- 3.14 Councillors who are not appointed as members of the Committee, may attend any meeting of the Committee as an observer. For clarity, only Councillors appointed by Council to the Committee have voting rights.

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Chairperson

- 3.15 The Chairperson of the Committee must be an independent member;
- 3.16 The Committee will appoint the Chairperson of the Committee in December of each year;
- 3.17 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;
- 3.18 The Chairperson must not exceed any two-year continuous period;
- 3.19 In the event of a tied vote, the presiding Chairperson will hold a casting vote.

Quorum for Meetings

- 3.20 A quorum will comprise at least one Councillor member and two independent members;

Induction

- 3.21 All Committee members will receive an induction to the purpose and responsibilities of the Committee and on Campaspe Shire Council's objectives.

Removal of a Member

- 3.22 If Council proposes to remove a member of the Committee prior to the conclusion of their term, it must give written notice of its intention to do so and afford the member an opportunity to respond and be heard at a Council meeting if the affected member so chooses. The Council meeting to hear the response will be open to the public.

Recruitment

- 3.23 At the completion of each term of an independent member or independent affiliate member, the position will be made vacant. An outgoing independent member or independent affiliate member will be eligible to re-nominate for the position, subject to the maximum allowable term.
- 3.24 If a casual vacancy exists, the vacancy will be filled as if the appointment term of the vacating member had been fulfilled.
- 3.25 All vacancies of independent members and the independent affiliate member will be advertised sufficiently to attract the required skills but as a minimum within the Shire of Campaspe.
- 3.26 A selection panel, comprising one independent member and one Councillor member of the Committee and the Chief Executive Officer, will conduct a selection process to identify candidates suitable to recommend to Council for appointment.
- 3.27 The criteria for the appointment of independent members will be experience and qualifications to meet the collective skills mix of the Committee.
- 3.28 The criteria for the appointment of an independent affiliate member will be the same relevant skills, qualifications and experience as independent members, but must reside or work within the Shire of Campaspe.
- 3.29 If there are more applications than positions vacant, the selection panel should consider and give weight to the following points when recommending appointments to Council;

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- a. Individuals who have already served on the Committee and not reached the maximum term, who have demonstrated a valuable and consistent contribution to the Committee;
 - b. Individuals who demonstrate skills, qualifications and experience in more than 2 of the identified fields of expertise; and
 - c. Individuals who live and/or work within the Shire of Campaspe.
- 3.30 The selection panel, when recommending a preferred applicant for appointment to the Committee will also have regard to the skill mix of the currently appointed independent members and when possible, ensure at least one independent member has a sound knowledge and understanding of the local government sector and its roles and responsibilities.

Insurance

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

4. Meetings

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require:

- 4.1 A schedule of meetings will be developed annually and agreed by members;
- 4.2 All Committee members are expected to attend each meeting in person, although in special circumstances members can attend through electronic means;
- 4.3 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, the General Manager Corporate and Manager Finance will attend all meetings.
- 4.4 The Committee may ask staff members, other than the Chief Executive Officer to leave the meeting to discuss a confidential item. If the Committee wishes to discuss a confidential item without the Chief Executive Officer, the Committee must resolve to close the meeting to all Council employees.
- 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 prior to distribution to the Chairperson for approval 1.5 weeks prior to the scheduled meeting and final agenda and attachments will be provided to members at least one week before each meeting;
- 4.7 Minutes will be prepared for all meetings, provided to the Chairperson for review and approval and then distributed to all members and Councillors;
- 4.8 If a matter is required to be dealt with by the Committee between meetings, it may be undertaken by a circulating motion. The report outlining the matter and a request to vote on the item will be sent via email. The outcome of this matter will be recorded in the minutes of the next meeting held by the Committee.

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5. Responsibilities

The Committee will carry out the following responsibilities.

Financial and Performance Reporting

- 5.1 At least annually review 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 At least annually review 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.

Internal Control Environment

- 5.7 Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment. This should be done on a rotational basis over a four year period and in accordance with approved review dates;
- 5.8 Determine whether systems and controls are reviewed regularly and updated where required;
- 5.9 Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;
- 5.10 Ensure that a programme is in place to test compliance with systems and controls;
- 5.11 Assess whether the control environment is consistent with the Governance Principles defined within the *Local Government Act 2020*.

Risk Management

- 5.12 Review annually the effectiveness of Council's risk management framework;
- 5.13 Review Council's risk appetite statement and the degree of alignment with Council's risk profile;
- 5.14 Review Council's risk profile and the changes occurring in the profile from meeting to meeting;

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- 5.15 Review Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;
- 5.16 Review the insurance programme annually prior to renewal; and
- 5.17 Review 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

- 5.18 Review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programmes at least every two years;
- 5.19 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
- 5.20 Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.

Internal Audit

- 5.21 Review the Internal Audit Charter regularly to determine that it provides an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively and without limitations;
- 5.22 Review and approve the three year strategic internal audit plan, the annual internal audit plan and any significant changes to them;
- 5.23 Review progress on delivery of the annual internal audit plan;
- 5.24 Review and approve proposed scopes for each review in the annual internal audit plan;
- 5.25 Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;
- 5.26 Meet with the leader of the internal audit function at least annually in the absence of management;
- 5.27 Monitor action by management on internal audit findings and recommendations;
- 5.28 Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work;
- 5.29 Recommend to Council the appointment of an internal audit service provider;
- 5.30 Recommend to Council, if necessary, the termination of the internal audit contractor.

External Audit

- 5.31 Annually review and provide feedback on the external audit scope and plan proposed by the external auditor for their consideration;
- 5.32 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;
- 5.33 Ensure that 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;

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- 5.34 Review the effectiveness of the external audit function and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views through Council;
- 5.35 Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them; and
- 5.36 Meet with the external auditor at least annually in the absence of management.

Compliance Management

- 5.37 Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations and the results of management's follow up of any instances of non-compliance;
- 5.38 Obtain briefings on any significant compliance matters; and
- 5.39 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.

6. Reporting to Council

- 6.1 Minutes of Committee meetings will be provided to Councillors at the first available opportunity after clearance by the Committee Chairperson following each Committee meeting;
- 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 must 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. Review of Charter

The Committee will 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.

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Appendix A

Committee Member Regulatory Obligations

Guidance to Members

LGA Section	LGA Requirement
Misuse of Position	
123(1)	A Committee member must not intentionally misuse their position to: <ul style="list-style-type: none"> 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
123(3)	Circumstances involving misuse of a position by a member of the Committee include: <ul style="list-style-type: none"> 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	
125	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	
126	A member of the Committee has a conflict of interest if the member has: <ul style="list-style-type: none"> a) A general conflict of interest as described in Section 127; or b) A material conflict of interest as described in Section 128.
127	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.
128	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.
<p style="text-align: center;">Please Note</p> <p><i>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.</i></p>	