



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

**Adopted: 21 November 2023**



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

### **Contents**

- 1. Purpose**
- 2. Authority**
- 3. Membership and Tenure**
- 4. Meetings**
- 5. Responsibilities**
  - **Financial and Performance Reporting**
  - **Internal Control Environment**
  - **Risk Management**
  - **Fraud Prevention Systems and Control**
  - **Internal Audit**
  - **External Audit**
  - **Compliance Management**
- 6. Reporting to Council**
- 7. Performance Evaluation**
- 8. Committee Member Regulatory Obligations**
- 9. Review of Charter**

### **Appendices**

- A. Committee Member Regulatory Obligations – Guidance to Members**
- B. Terms of Appointment**



# 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 or via Council resolution;
- Seek any relevant information it requires from Council, Chief Executive Officer and external parties;
- Meet with Council officers as required to discharge its responsibilities, subject to prior agreement with the Chief Executive Officer.
- Meet with internal or external auditors and other parties as required to discharge its responsibilities, subject to prior agreement with the Chief Executive Officer or via resolution of Council.



## Campaspe Shire Council – Audit and Risk Committee Charter

- Undertake any other matter referred to the committee by Council resolution.

The Committee will, 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 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 when they are in attendance in person or virtually;
- 3.6 Receive remuneration for their work in preparing for and attending meetings as approved by Council. The remuneration will be set as follows:
  - 3.6.1 Remuneration will be paid to independent members and the Chairperson based on a fee per meeting attended, with a higher amount being paid to the Chairperson in recognition of their additional involvement in the leadership of the Committee.
  - 3.6.2 Amounts shall be payable in accordance with the Victorian Government Board Appointment and Remuneration Guidelines – Group B Organisation. The applicable amount payable will be based on the maximum amount in accordance with Band 1 as follows:
    - 3.6.2.1 Independent members shall receive 1 x the maximum amount per meeting.
    - 3.6.2.2 The Chairperson shall receive 1.25 x the maximum amount per meeting.
  - 3.6.3 Remuneration payments will be made no later than 30 days after each Audit and Risk Committee meeting.
  - 3.6.4 Annual increase shall be in accordance with revised amounts published annually in July. The guidelines at the date of publication of this Charter are available at: <https://www.vic.gov.au/guidelines-appointment-remuneration>.
  - 3.6.5 Where current remuneration is higher than the Victorian Government Board Appointment and Remuneration Guidelines, the remuneration will remain fixed until such time as an increase is required.



## Campaspe Shire Council – Audit and Risk Committee Charter

- 3.7 Will be entitled to receive a travel allowance as determined by Council for each Audit and Risk Committee meeting that they attend in person.
- 3.8 Absent for two consecutive meetings, without submitting an apology or been granted a leave of absence, will create a casual vacancy.
- 3.9 Cannot be employees of Campaspe Shire Council (Section 53(3)(c) of the Act), or former employees who have left Campaspe Shire Council within the past two years.

### Independent Affiliate Member

- 3.10 Will be appointed for a single two year term;
- 3.11 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;
- 3.12 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;
- 3.13 Does not have voting rights, however, will be entitled to receive all information, attend all meetings and participate in the deliberations of the Committee.
- 3.14 Will not be entitled to receive any remuneration while an Independent Affiliate Member.
- 3.15 Absent for two consecutive meetings, without submitting an apology or been granted a leave of absence, will create a casual vacancy.

### Councillor Members

- 3.16 Councillor members will be appointed to the Committee by Council annually;
- 3.17 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.

### Chairperson

- 3.18 The Chairperson of the Committee must be an independent member (Section 53(4) of the Act);
- 3.19 The Committee will appoint the Chairperson of the Committee on an annual basis;
- 3.20 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. An independent member who is appointed Chairperson for a full meeting will receive remuneration for that meeting as if they were the Chairperson. Where an independent member is appointed Chairperson for only part of a meeting, they shall receive remuneration as an Independent Member;
- 3.21 The Chairperson must not exceed any two-year continuous period without Council resolution;
- 3.22 In the event of a tied vote, the presiding Chairperson will hold a casting vote.



## Campaspe Shire Council – Audit and Risk Committee Charter

### Role of the Chairperson

The Chairperson of the Committee will:

- In consultation with the Chief Executive Officer (or delegate), set the matters to be included on the agenda for each Committee Meeting;
- Chair all meetings of the Committee;
- Be responsible for ensuring that meetings are conducted in an appropriate manner.
- Participate in the appointment of Council's internal audit service provider;
- Provide clearance for Committee Meeting Minutes to be provided to the Council.
- Lead the annual evaluation of the Committee's performance and report on the outcomes to the Council through the Chief Executive Officer.

### Induction

- 3.23 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

- 3.24 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

- 3.25 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.
- 3.26 If a casual vacancy exists, the vacancy will be filled as if the appointment term of the vacating member had been fulfilled.
- 3.27 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.
- 3.28 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.
- 3.29 The criteria for the appointment of independent members will be experience and qualifications to meet the collective skills mix of the Committee.
- 3.30 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.
- 3.31 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;
- 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;



## Campaspe Shire Council – Audit and Risk Committee Charter

- 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.

3.32 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

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

## **4. Meetings**

Unless there are exceptional circumstances, such as a natural disaster that may prohibit a meeting from occurring, 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 A quorum will comprise at least one Councillor member and two independent members;
- 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, the Director Corporate and Manager Finance will attend all meetings.
- 4.5 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.
- 4.6 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;
- 4.7 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;
- 4.8 Minutes will be prepared for all meetings, provided to the Chairperson for review and approval and then distributed to all members and Councillors;
- 4.9 A report on the status of actions generated during the meetings will be presented to each Committee Meeting.
- 4.10 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.



## Campaspe Shire Council – Audit and Risk Committee Charter

### 5. Responsibilities

The Committee's responsibilities are documented in the Audit and Risk Committee Annual Work Plan. This plan includes the frequency and timing of reports to the Committee.

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.
- 5.7 Review all reimbursements provided to Councillors (in accordance with Section 40(2) of the Act) or members of any delegated committees to ensure that they are paid in accordance with existing policies and legislation.

#### Internal Control Environment

- 5.8 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;
- 5.9 Determine whether systems and controls are reviewed regularly and updated where required;
- 5.10 Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;
- 5.11 Ensure that a programme is in place to test compliance with systems and controls;
- 5.12 Assess whether the control environment is consistent with the Governance Principles defined within the *Local Government Act 2020*.



## Campaspe Shire Council – Audit and Risk Committee Charter

### 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;
- 5.15 Review and endorse Council's strategic risks to Council's operations, including their likelihood and consequence of occurring and risk mitigation strategies;
- 5.16 Review Council's treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;
- 5.17 Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.
- 5.18 Review Council's cyber security environment to ensure risks are being managed effectively.

### Fraud Prevention Systems and Controls

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

### Internal Audit

- 5.22 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;
- 5.23 Review and approve the three year strategic internal audit plan, the annual internal audit plan and any significant changes to them;
- 5.24 Review progress on delivery of the annual internal audit plan;
- 5.25 Review and approve proposed scopes for each review in the annual internal audit plan;
- 5.26 Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;
- 5.27 Meet with the leader of the internal audit function at least annually in the absence of management;
- 5.28 Monitor action by management on internal audit findings and recommendations;
- 5.29 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;



## Campaspe Shire Council – Audit and Risk Committee Charter

- 5.30 Recommend to Council the appointment of an internal audit service provider, noting a decision to re-appoint the current internal audit provider or recruit a new internal audit provider will be determined by the term of engagement and performance of the current internal audit provider.
- 5.31 Recommend to Council, if necessary, the termination of the internal audit contractor.

### External Audit

- 5.32 Annually review and provide feedback on the external audit scope and plan proposed by the external auditor for their consideration;
- 5.33 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;
- 5.34 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;
- 5.35 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;
- 5.36 Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them; and
- 5.37 Meet with the external auditor at least annually in the absence of management.

### Compliance Management

- 5.38 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;
- 5.39 Obtain briefings on any significant compliance matters; and
- 5.40 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.
- 5.41 Review the Gifts, Benefits and Hospitality Register.

## **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.



## Campaspe Shire Council – Audit and Risk Committee Charter

### 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. Conduct of Members

Members of the Committee are expected to understand and observe the requirements of the governing legislation. Members are also expected to:

- Contribute the time needed to review and understand the papers provided.
- Apply good analytical skills, objectivity and judgement.
- Express opinions, frankly ask questions that go to the fundamental core of the issue, and pursue further follow up where appropriate.
- At all times treat other members and attendees of the Committee with the appropriate level of respect and professional courtesy.

### 10. 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.

Mayor:

..... *A.K. Marwood* ..... Date: .....

Cr Tony Marwood (Deputy/Acting Mayor)

Chair:

..... *Linda MacRae* ..... Date: *1/12/2023*

Linda MacRae

Chief Executive Officer:

..... *Pauline Gordon* ..... Date: *1/12/2023*

Pauline Gordon



## Campaspe Shire Council – Audit and Risk Committee Charter

## Appendix A

## Committee Member Regulatory Obligations

## Guidance to Members

LGA Section	LGA Requirement
<b>Misuse of Position</b>	
123(1)	A Committee member must not intentionally misuse their position to: <ul style="list-style-type: none"> <li>a) Gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or</li> <li>b) Cause, or attempt to cause, detriment to the Council or another person</li> </ul>
123(3)	Circumstances involving misuse of a position by a member of the Committee include: <ul style="list-style-type: none"> <li>a) Making improper use of information acquired as a result of being a member of the Committee; or</li> <li>b) Disclosing information that is confidential information; or</li> <li>c) Directing or improperly influencing, or seeking to direct or improperly influence, a member of Council staff; or</li> <li>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</li> <li>e) Using public funds or resources in a manner that is improper or unauthorised; or</li> <li>f) Participating in a decision on a matter in which the member has a conflict of interest.</li> </ul>
<b>Confidential Information</b>	
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.
<b>Conflicts of Interest</b>	
126	A member of the Committee has a conflict of interest if the member has: <ul style="list-style-type: none"> <li>a) A general conflict of interest as described in Section 127; or</li> <li>b) A material conflict of interest as described in Section 128.</li> </ul>
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;"><b>Please Note</b></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>	



# Campaspe Shire Council – Audit and Risk Committee Charter

## Appendix B

### Terms of Appointment

#### 1. Chairperson

The current Chairperson is Linda MacRae

The term of the current Chairperson is until the December 2023 Audit and Risk Committee meeting.

#### 2. Committee Members

Details of membership and tenure are set out below:

Member	Appointment date	End of current term	Eligible for reappointment
Simone Knight	December 2019	31 December 2023	Yes
Linda MacRae	December 2021	31 December 2025	No
Chris Gillard	25 October 2021	24 October 2025	Yes

#### 3. Council Representatives

The current Councillor representatives are:

1. Cr Paul Jarman – Appointed December 2022 for 2 years
2. Cr Tony Marwood – Appointed December 2022 for 2 years.

#### 4. Review

Appendix B is updated annually, or as required following:

- Appointment of a new Chairperson
- Appointment of a new Independent Member
- Appointment of Councillor representatives.