



# Audit and Risk Committee Charter

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Authorising Officer	Policy Type	Major Council Policy
Director Corporate Services		

## Statement and Purpose

This policy provides the charter for the Audit and Risk Committee as required by, and in accordance with, section 54 of the *Local Government Act 2020*.

## Scope

This policy applies to the Audit and Risk Committee appointed by the Wangaratta Rural City Council under section 53 of the Act.

## Contents

<b>Introduction</b> .....	<b>4</b>
1. Authorising provision .....	4
2. Functions and Responsibilities.....	4
<b>Governance rules</b> .....	<b>4</b>
<b>Constitution of the committee</b> .....	<b>4</b>
3. Membership .....	4
3.1 Members .....	4
3.2 Remuneration.....	4
3.3 Induction of members .....	5
3.4 Insurance and indemnity.....	5
4. Chairperson .....	5
5. Terms of office .....	5
5.1 Councillors .....	5
5.2 Independent members .....	5
5.3 Chairperson.....	6
<b>Meeting procedures</b> .....	<b>6</b>
6. Date, time, and place of meetings .....	6
7. Attendance.....	6
7.1 Participation .....	6
7.2 Apologies and absences.....	6
7.3 Quorum .....	6
7.4 Non-members may attend meetings.....	6
8. Business at meetings .....	7
8.1 Order of business .....	7
8.2 Annual work program.....	7
9. Minutes.....	7
<b>Functions and responsibilities</b> .....	<b>8</b>

10. Risk management .....	8
11. Fraud prevention .....	8
12. Internal and external audit .....	8
13. Council policies and procedures .....	9
14. Council financial and performance reporting .....	9
<b>Definitions .....</b>	<b>9</b>
<b>References .....</b>	<b>12</b>
<b>Review .....</b>	<b>12</b>

## Introduction

### 1. Authorising provision

The Audit and Risk Committee is appointed by the Wangaratta Rural City Council under section 53 of the Act.

### 2. Functions and Responsibilities

The functions and responsibilities of the committee are to:

- (a) monitor the compliance of Council policies and procedures with the overarching governance principles, and the Act and the regulations and any Ministerial directions; and
- (b) monitor Council financial and performance reporting; and
- (c) monitor and provide advice on risk management and fraud prevention systems and controls; and
- (d) oversee internal and external audit functions.

## Governance rules

The governance rules established by the Council apply to the committee unless otherwise modified by this charter.

## Constitution of the committee

### 3. Membership

#### 3.1 Members

- (1) The committee must comprise 5 members, including:
  - (a) 2 members who are councillors; and
  - (b) at least 3 and up to 4 other members who are not councillors and who are not members of Council staff (independent members).
- (2) Members must be appointed by the Council in accordance with the *Appointment to Committees of Council Policy*.
- (3) Independent members must collectively have expertise in financial management and risk and experience in public sector management.

#### 3.2 Remuneration

- (1) Independent members must be paid a fee for their membership of the committee.
- (2) The fee amount must be determined by Council resolution and reviewed annually.

- (3) The fee must be paid quarterly in arrears.
- (4) Councillors must not be paid a fee for their membership of the committee.

### **3.3 Induction of members**

New and prospective members should be provided with access to the:

- (a) charter;
- (b) governance rules;
- (c) community vision;
- (d) financial plan;
- (e) asset plan;
- (f) council plan;
- (g) the most recent council plan performance report;
- (h) budget;
- (i) risk management policy & framework; and
- (j) the minutes of the most recent committee meeting.

### **3.4 Insurance and indemnity**

Council must indemnify and keep indemnified each member of the committee, exercising any function or power on behalf of Council against all actions or claims (whether arising during or after the term of office or employment of that councillor or other member) in respect of any act or thing done or omitted to be done in good faith in the exercise or purported exercise of any function or power conferred on the committee or member of the committee under this or any other Act. Council's insurance policies shall cover members of the committee while engaged in the business of the committee.

## **4. Chairperson**

- (1) The chairperson must be appointed by the committee by resolution.
- (2) The chairperson must be an independent member.

## **5. Terms of office**

### **5.1 Councillors**

Members who are councillors are appointed for a one-year term.

### **5.2 Independent members**

- (1) Independent members may be appointed for a term of up to 3 years.
- (1) The terms of office of independent members may be arranged to avoid more than 2 independent members retiring at the same time.

- (2) An independent member may be appointed for up to 2 consecutive terms.

### **5.3 Chairperson**

The chairperson may be appointed for a term of up to 2 years.

## **Meeting procedures**

### **6. Date, time, and place of meetings**

- (1) The committee must schedule 5 meetings each year.
- (2) The determination of the dates of meetings must consider the functions and responsibilities of the committee, the business to be transacted and the timing of related Council meetings or audit activities.

### **7. Attendance**

#### **7.1 Participation**

Members may participate in meetings by attending in person, or by teleconference, or by video conference.

#### **7.2 Apologies and absences**

Where a member does not attend 2 meetings within a 12-month period without sufficient reason or without an approved leave of absence, the member may be removed from the committee by Council resolution subject to the Council:

- (a) being requested to do so by the committee; and
- (b) providing the member with adequate notice of the request to remove the member;
- (c) giving the member the opportunity to explain the reasons for the absences; and
- (d) considering any reasons provided prior to making a decision.

#### **7.3 Quorum**

A quorum for a meeting is at least 2 independent members and at least 1 councillor.

#### **7.4 Non-members may attend meetings**

- (1) The Chief Executive Officer or nominee should attend all meetings except when the committee chooses to meet without management in attendance.
- (2) Members of Council staff who have authored a report on an agenda must attend the meeting that the agenda relates to in person or through a nominee.
- (3) Other members of Council staff may attend to support the committee and provide advice and information.

- (4) A representative of the internal auditor should attend all meetings.
- (5) A representative of the external auditor:
  - (a) should attend all meetings; and
  - (b) must attend meetings where the draft annual financial report and results of an external audit are on the meeting agenda.

## **8. Business at meetings**

### **8.1 Order of business**

Unless otherwise agreed with the chairperson the order of business for meetings should follow the example set out below:

- (a) welcome;
- (b) acknowledgement of traditional owners;
- (c) present, absent and apologies;
- (d) granting of leave of absence;
- (e) confirmation of minutes of previous meetings;
- (f) conflict of interest disclosure;
- (g) risk management reports;
- (h) fraud prevention report;
- (i) internal and external audit report
- (j) Council policy and procedure compliance report;
- (k) Council financial and performance reporting;
- (l) notices of motion;
- (m) notices of rescission;
- (n) urgent business;
- (o) foreshadowed items;
- (p) closure of meeting.

### **8.2 Annual work program**

- (1) An annual work program must be adopted at or before the last meeting each calendar year for the following calendar year.
- (2) The annual work program should set out a program of meetings, reports, internal audits, and committee activities including the timing of the committee annual committee performance assessment and biannual audit and risk reports to the Council.

## **9. Minutes**

- (1) Unconfirmed minutes must be provided in draft form within 2 weeks after the meeting.

- (2) Unconfirmed minutes must not be published on Council's website.
- (3) A report summarising the meeting content will be included in the agenda of the next practicable Council meeting.

## Functions and responsibilities

### 10. Risk management

- (1) The committee must monitor and provide advice on risk management systems and controls.
- (2) For the purpose of clause 10(1) monitoring processes may include:
  - (a) Reviewing significant strategic and emerging risks;
  - (b) Receiving reports on significant control failures;
  - (c) Monitoring major lawsuits;
  - (d) Reviewing compliance investigations;
  - (e) Monitoring the development and implementation of the risk management framework;
  - (f) Reviewing the risk profile and risk appetite annually.

### 11. Fraud prevention

- (1) The committee must monitor and provide advice on fraud prevention systems and controls.
- (2) For the purpose of clause 11(1) monitoring processes may include:
  - (a) Monitoring the development and implementation of the fraud prevention framework;
  - (b) Reviewing councillor expenses;
  - (c) Reviewing credit card expenditure;
  - (d) Receiving reports on major fraud incidents.

### 12. Internal and external audit

- (1) The committee must oversee internal and external audit functions.
- (2) For the purpose of clause 12(1) oversight processes may include:
  - (a) Facilitating discussion between the internal and external auditors to promote compatibility, to the extent appropriate, between their audit programs;
  - (b) Discussing the external audit strategy;
  - (c) Reviewing the interim management letter;
  - (d) Reviewing the final management letter;

- (e) Monitoring the status of external audit actions;
- (f) Recommending to the Chief Executive Officer the appointment of an internal auditor;
- (g) Endorsing the internal audit program;
- (h) Reviewing internal audit project reports;
- (i) Monitoring the status of internal audit actions;
- (j) Monitoring the status of committee meeting actions.

### 13. Council policies and procedures

- (1) The committee must monitor the compliance of Council policies and procedures with the overarching governance principles and with the Act and the regulations and any Ministerial directions.
- (2) For the purpose of clause 13(1) monitoring processes may include receiving reports on the level of compliance of major council policies and procedures with the overarching governance principles, the Act, the regulations, and Ministerial directions.

### 14. Council financial and performance reporting

- (1) The committee must monitor Council financial and performance reporting.
- (2) For the purpose of clause 14(1) monitoring processes may include:
  - (a) Reviewing the most recently reported financial statements;
  - (b) Reviewing the most recently reported council plan project status report;
  - (c) Reviewing the most recently reported council plan measures report;
  - (d) Review the annual financial statements and performance statement having considered implications of accounting standards, policies, and practices, processes used to make material accounting estimates, material adjustments arising from the external audit process and material variances from prior years.
  - (e) Recommending adoption of the annual financial report, financial statements, and performance statement to Council.

## Definitions

Act	<i>Local Government Act 2020</i>
Agenda	A document containing the date, time and place of a meeting and a list of business to be transacted at the meeting

Associates of Council	Contractors working in-house, staff on exchange, members of Special Committees, members of Advisory Committees, volunteers, work experience students or graduate placements who perform work for Council as well as external suppliers and other contractors and subcontractors.
Chairperson	The chairperson of a meeting and includes an acting, temporary and substitute chairperson.
Chief Executive Officer	The person occupying the office of Chief Executive Officer of the Council, and includes a person acting in that office.
Committee	The Audit and Risk Committee established by the Council under section 53 of the Act.
Committee meeting	A meeting of the committee convened in accordance with the governance rules and includes a scheduled meeting and an unscheduled meeting.
Compliance investigations	Investigations conducted by the Independent Broad-based Anti-corruption Commission, Victorian Ombudsman, Victoria Auditor General's Office, Victoria Police, other regulatory authorities or by a monitor or commission of inquiry established under the Act.
Council	The Wangaratta Rural City Council comprised of elected councillors and led by the Mayor.
Council	The Rural City of Wangaratta, led by the Chief Executive Officer.
Councillor	A councillor of the Council.
Council meeting	A meeting of the Council convened in accordance with the governance rules.

Delegate	A member of Council staff to whom powers, functions and duties have been delegated by an instrument of delegation.
Independent member	A member of the committee who is not a councillor or a member of Council staff.
Major council policies and procedures	Policies and procedures which set out Council's position on an issue or set of issues to guide decision-making and the exercise of power in respect of decisions that impact on the lives and wellbeing of residents, ratepayers, visitors, and businesses. Examples may include policies regarding access to services, funding of capital works, allocation of community resources, allocation of Council grant funding, management of risks and policies related to councillors, councillor support arrangements, committees of Council and councillor conduct.
Major lawsuits	Lawsuits that that have a consequence rating of major or catastrophic and have a likelihood rating of likely or almost certain and that are not effectively transferred to a third party or parties.
Meeting	A Council meeting or a committee meeting.
Member	A member of the committee.
Minutes	The official record of the proceedings and decisions of a meeting.
Significant control failure	A failure of a control that has, or has the potential, effect of changing a consequence rating to major or catastrophic and a likelihood rating to likely or almost certain.
Significant strategic and emerging risk	Strategic and emerging risks assessed with a high or extreme risk rating.

## References

### Legislation

- *Local Government Act 2020*

### Internal policies

- Appointment to Committees of Council Policy

## Review

This charter must be reviewed by Council, and amended if necessary, at least once in each Council term.