

MANNINGHAM COUNCIL AUDIT AND RISK COMMITTEE CHARTER

22 August 2023



CONTENTS

1. CHARTER PURPOSE	4
2. SCOPE	4
3. CONTEXT	5
4. CHARTER STATEMENT	5
4.1 Authority	5
4.2 Objectives	6
5. MEMBERSHIP	6
5.2 Term of Appointment	6
5.3 Remuneration of independent members	7
6. ADMINISTRATIVE ARRANGEMENTS	7
6.1 Meetings	7
6.2 Quorum	8
6.3 Secretariat	8
6.4 Conflict of Interests	8
6.5 Confidential Information	9
6.6 Misuse of Position	9
6.7 Values	9
7. RESPONSIBILITIES	10
7.1 Monitor policies and procedure (Section 54(2)(a))	10
7.2 Monitor Council's financial and performance reporting (Section 54(2)(b))	10
7.3 Monitor risk management and fraud (Section 54(2)(c))	11
7.4 Oversee internal audit function (section 54(2)(d))	11
7.5 Adopt an annual work program (section 54(3))	12
7.6 Conduct an annual assessment of performance (section 54(4)(a) & (b))	12
7.7 Reporting	12
7.8 Other Responsibilities	13

MANNINGHAM COUNCIL AUDIT AND RISK COMMITTEE CHARTER



<i>VERSION:</i>	2
<i>SHORT DESCRIPTION:</i>	This Charter outlines the functions and responsibilities of the Audit and Risk Committee
<i>RELEVANT TO:</i>	Audit and Risk Committee members (independent and Council appointed). Some aspects of the Charter will impact the internal and external auditors and relevant Council officers.
<i>RESPONSIBLE OFFICER:</i>	Chief Legal and Governance Officer
<i>RESPONSIBLE OFFICE:</i>	Chief Executive Office
<i>AUDIT & RISK COMMITTEE ENDORSEMENT DATE:</i>	21 July 2023
<i>APPROVED BY:</i>	Council on 22 August 2023
<i>EFFECTIVE DATE:</i>	22 Aug 2023
<i>NEXT SCHEDULED REVIEW DATE:</i>	July 2026

1. CHARTER PURPOSE

The Audit and Risk Committee Charter (the Charter) outlines the functions and responsibilities of the Audit and Risk Committee (the Committee) in assisting Manningham City Council (the Council) fulfil its oversight and corporate governance responsibilities. The Charter provides for the structure and operation of the Committee.

The Committee is an independent advisory committee to the Council established under section 53(1) and (2) of the Local Government Act 2020 (the Act). The Committee does not have any delegated powers, including executive powers, management functions or delegated responsibility.

The Committee's role is to monitor, review and advise Council on the standard of its financial control, risk management and corporate governance.

2. SCOPE

This policy applies to all Audit and Risk Committee members (independent and Council appointed). Some aspects of the Charter will impact the internal and external auditors and relevant Council officers.

3. CONTEXT

The Committee has been established pursuant to section 53 of the Local Government Act 2020. The Council is required, under section 54 of the Act, to adopt a Charter that specifies the functions and responsibilities of the Committee as including:

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

4. CHARTER STATEMENT

4.1 Authority

The Committee is directly responsible to Council for discharging its responsibilities as set out in this Charter. The Committee is an advisory committee and does not have delegated powers.

The Committee has authority to:

- 4.1.1 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.
- 4.1.2 Approve internal and external audit plans, including internal audit plans with an outlook of greater than one year.
- 4.1.3 Provide advice and make recommendations to Council on matters within its areas of responsibility.
- 4.1.4 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.
- 4.1.5 Make enquiry of Council officers in the context of the Committee's responsibilities and functions.
- 4.1.6 Resolve any disagreements between management and the internal and external auditors on audit recommendations.
- 4.1.7 Meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities.

4.2 Objectives

The Audit and Risk Committee's primary role is to provide oversight, advice and guidance on Council's frameworks and systems of controls relating to:

- a. Legislative and good governance compliance.
- b. Financial and performance reporting.
- c. Risk management with a focus on material risks.
- d. Internal and external audit.

5. MEMBERSHIP

The Committee will comprise five members, three of whom must be independent members and two Councillor members. In accordance with the Act, the members of the Committee must:

- 5.1.1 Include members who are Councillors at the Council (section 53(3)(a)).
- 5.1.2 Consist of a majority of members who are not Councillors of the Council and who collectively have.
- 5.1.3 Expertise in finance management and risk (section 53(3)(b)(i)).
- 5.1.4 Experience in public sector management (section 53(3)(b)(ii)).
- 5.1.5 Not be a member of Council staff (section 53(3)(c)).
- 5.1.6 Independent external members will be sought by way of public advertisement seeking expressions of interest. A recruitment panel will evaluate candidates on the basis of their expertise, experience and their ability to apply appropriate analytical and strategic management skills, as well as the 'fit' of their skills within the overall skillset of the Committee.
- 5.1.7 The Audit and Risk Committee will annually appoint the Chairperson (Chair) of the Committee, who in accordance with section 53 of the Act:
 - must not be a Councillor (section 53(4)); and
 - must not be a member of Council staff (section 53(3)(c)).
- 5.1.8 In the absence of the Chair, the Committee will elect a temporary Chair from the remaining independent members.

5.2 Term of Appointment

- 5.2.1 The independent members will be appointed by Council for a three year term; however, members may re-apply at the end of their term and may be

re-appointed for a further term up to a maximum of two (2) consecutive terms of three years. The position must be advertised after an independent member has completed two consecutive terms. The independent member may apply as part of the competitive process and if successful, they can only serve for a further three year term, totalling a maximum nine (9) years of Audit and Risk Committee service to Council.

- 5.2.2 Terms of appointment will be arranged to ensure an orderly rotation and continuity of membership and committee operation.
- 5.2.3 In the event of a vacancy of an independent member before the expiry of their term, Council shall publicly advertise the position to be filled for the remainder of the current term.
- 5.2.4 If Council proposes to remove an independent member of the Committee, Council must give written notice to the member and provide that member the opportunity to be heard by Councillors on the proposed removal, prior to any decision by Council. The Mayor or delegate will chair the discussion.
- 5.2.5 The Councillor members of the Committee will be appointed annually by Council and are encouraged to serve a minimum two year term for continuity.

5.3 Remuneration of independent members

Independent members are to be remunerated in accordance with a Council resolution, pursuant to section 53(6) of the Act. The fee paid to independent members will be annually adjusted by the preceding 'Consumer Price Index Melbourne All Groups' rate for the previous 12 month period to the end of June each year.

6. ADMINISTRATIVE ARRANGEMENTS

6.1 Meetings

- 6.1.1 The Committee will meet at least five times a year with one of these meetings to be dedicated to financial and performance audit reporting as close as practicable to preparation of the end of year Council financial statement.
- 6.1.2 All Committee members are expected to attend most meetings in-person, unless there are significant intervening circumstances in which the Chief Executive Officer provides approval for alternative arrangements.
- 6.1.3 The Chief Executive Officer, members of the Executive Team, Senior Managers or other management representatives may attend meetings as advisors or observers but will not be members of the Committee.

- 6.1.4 A representative(s) of VAGO and the appointed internal audit contractor will be invited to attend meetings of the Committee. Such a representative will be required to act in accordance with the obligations of confidentiality (section 125) and conflict of interest (part 6, division 2) as outlined in the Act.
- 6.1.5 The Committee reserves the right to meet at any time without non-members or with invited non-members only.

6.2 Quorum

- 6.2.1 A quorum for the Committee will be three members comprising at least two independent members and one Councillor member.
- 6.2.2 Any Committee member may place an item for discussion on the agenda.

6.3 Secretariat

The Chief Executive Officer must ensure the preparation and maintenance of agendas, minutes and reports of the Audit and Risk Committee and table reports and annual assessments of the Audit and Risk Committee at Council meetings when required by this act and when requested by the chairperson of the Committee (section 54(a) & (b)).

Council will provide Council officer resources to provide secretariat support to the Committee. The Secretariat will:

- 6.3.1 Facilitate an agenda planning meeting with the Chair and the CEO.
- 6.3.2 Ensure that the agenda and supporting papers will be circulated seven (7) days prior to the meeting date.
- 6.3.3 Ensure that the minutes of the meetings are prepared and circulated to the Chair for review and approval within one week of the meeting.
- 6.3.4 Ensure that the approved draft meeting minutes are circulated to the Committee promptly following this process.
- 6.3.5 Arrange for a copy of the meeting minutes to be made available to all Councillors.

6.4 Conflict of Interests

Committee recommendations must be transparent and accountable, to protect the public interest, maintain the integrity of the Committee and Council and enable the public to be confident that the Committee is performing its duties properly.

In accordance with Section 127 of the Act (general conflict of interest) and 128 of the Act (material conflict of interest), members of the Committee must be fully

aware of their responsibilities and will be required to disclose all conflicts of interest.

At the beginning of each meeting, members/invitees are required to declare any material personal interest that may apply to specific matters in the meeting agenda. When required by the Chair, the member will be excused from the meeting or from the Committee's consideration of the relevant agenda item(s). The Chair is also responsible for deciding if he/she should excuse themselves from the meeting or from the Committee's consideration for the relevant agenda item(s). Details of material personal interests declared by the Chair and other members, and actions taken, will be appropriately recorded in the minutes.

6.5 Confidential Information

Section 125 of the Act Confidential Information applies to the activities of the Committee. Members of the Committee must not intentionally or recklessly disclose information that the member knows, or should reasonably know, is confidential information. The meeting agenda and papers, minutes and presentations are deemed confidential, unless Council have determined that the information is not confidential and decided that it should be publicly available.

Members are to self-manage suitable security controls of Committee papers (digital or paper) and destroy copies of Committee documents on a cyclical basis and/or at the conclusion of their term.

6.6 Misuse of Position

The Independent Member must not intentionally misuse their position - to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or to cause, or attempt to cause, detriment to the Council or another person.

6.7 Values

The Committee will conduct itself in accordance with Council's organisational values:

Working Together – working collaboratively, sharing knowledge, developing ideas and solutions. Demonstrating inclusive behaviour to create a safe environment.

Excellence – do our best, responding positively to challenges and opportunities to seek better ways to create improvements.

Accountability – taking ownership of our commitments, behaviour and actions, working with honesty and integrity.

Respectful – treating others in a consistent and equitable way and considerate of other people's needs, priorities and points of view.

Empowered – using initiative to seek out new and interesting ways to work, supporting and trusting others. Applying judgement to create better ways of doing things.

7. RESPONSIBILITIES

In accordance with section 54(2) of the Act, the functions and responsibilities of the Committee include:

7.1 Monitor policies and procedure (Section 54(2)(a))

7.1.1 Monitor the compliance of Council policies and procedures with the overarching governance principles, the local Government Act 2020 and the regulations and any ministerial directions through external audit, internal audit, assurance activities, policy drafting and management reports. This may include:-

- Community engagement
- Public transparency
- Strategic planning
- Financial management

7.1.2 Receive reports from the Chief Executive Officer and other Council officers relevant to Council's compliance with relevant legislation, policies and procedures and if appropriate, make recommendations for Council's consideration.

7.1.3 Formally enquire, through a series of standard questions, with the External Auditor, Internal Auditor and the CEO of any breaches of legislation that need to be brought to the attention of the Committee.

7.1.4 Consider the findings and recommendations of relevant audits undertaken by the Victorian Auditor-General, Victorian Ombudsman, IBAC and Local Government Inspectorate and monitor the Council's implementation of relevant recommendations.

7.2 Monitor Council's financial and performance reporting (Section 54(2)(b))

7.2.1 Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, recent accounting, professional and regulatory pronouncements and legislative changes and understand their effect on the financial report.

7.2.2 Review Council's financial position, via receipt of quarterly reports and where remedial action is required, to recommend this to Council.

7.2.3 Review with management and the external auditors the results of the financial and performance audit including any difficulties encountered and how they were resolved.

- 7.2.4 Review the annual financial and performance statements prior to their approval by Council and determine whether they are complete and consistent with the information known to the Committee members, assess whether the financial statements reflect appropriate accounting policies and comply with all relevant standards and regulatory requirements and make appropriate recommendations where remedial action is needed.
- 7.2.5 Review the external auditor's proposed audit scope and approach including any reliance on internal audit activity.
- 7.2.6 Provide an opportunity for the Audit and Risk Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed in the absence of management.
- 7.2.7 Review the performance of the external auditors.

7.3 Monitor risk management and fraud (Section 54(2)(c))

- 7.3.1 Monitor and provide advice on risk management and fraud prevention systems and controls via the Council's risk management policy, framework and register to ensure strategic and material risks to Council are dealt with appropriately.
- 7.3.2 Monitor the process of review of the Council's risk profile every six months.
- 7.3.3 Consider the adequacy of actions taken to ensure that material business risks have been dealt with in a timely manner to mitigate exposures to Council.
- 7.3.4 Keep informed of the findings of any examinations by regulatory agencies, and any auditor (internal or external) observations and monitor management's response to these findings.
- 7.3.5 Monitor the effectiveness of the integrity framework, including policies to prevent and detect fraud and corruption at least every two years.
- 7.3.6 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.
- 7.3.7 Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies.

7.4 Oversee internal audit function (section 54(2)(d))

- 7.4.1 Review with management and the internal auditor, activities, staffing, resourcing and organisational structure of the internal audit function for Council.

- 7.4.2 Review the three-year Strategic Internal Audit Plan and Annual Plan on an annual rolling basis, to ensure alignment with Council's risk profile.
- 7.4.3 Review and approve each proposed scope for each internal audit to ensure that the audit objectives and scope are fit for purpose.
- 7.4.4 Receive the full report of the Internal Auditor together with management's responses.
- 7.4.5 Monitor management's implementation of internal audit recommendations.
- 7.4.6 Monitor completion of the Annual Audit Plan including any major variances from the Internal Audit work program.
- 7.4.7 Monitor processes and practices to ensure that the independence of the audit function is maintained.
- 7.4.8 Review the effectiveness of the internal audit function every 3-5 years.
- 7.4.9 Meet with the internal auditor to discuss any matters that the Committee or internal auditor believes should be discussed privately.
- 7.4.10 Management to advise the Audit and Risk Committee when the Internal Auditor undertakes any specific projects or investigations deemed necessary by the Chief Executive Officer, Executive Officers and/or the Council. The Committee is to receive reports of any such projects or investigations undertaken by the internal auditor.

7.5 Adopt an annual work program (section 54(3))

- 7.5.1 The annual work plan will include all listed responsibilities in the Audit and Risk Committee Charter and will form part of the agenda papers at each meeting.

7.6 Conduct an annual assessment of performance (section 54(4)(a) & (b))

- 7.6.1 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.
- 7.6.2 The annual assessment of the Committee's performance against the Audit and Risk Committee Charter and reporting will be scheduled into the work plan.

7.7 Reporting

- 7.7.1 Prepare a biannual audit and risk report that describes the activities of the 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 (section 54(5)(a) & (5)(b)).

- 7.7.2 One of these reports will be prepared after the meeting at which the annual financial report and annual performance statement have been considered and recommended to Council for adoption.
- 7.7.3 The Committee Chairperson may request to brief Council on a significant issue on the recommendation of the Committee and otherwise as requested by Council.
- 7.7.4 Copies of Committee minutes will be provided to Councillors upon issue of the draft minutes to the Committee.
- 7.7.5 Monitor that open communication between the internal auditor, the external auditor, and the Council occurs.
- 7.7.6 Report annually to the community through the Chief Executive Officer, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by regulation.

7.8 Other Responsibilities

- 7.8.1 Pursue other activities related to this charter as requested by Council pursuant to the role of the Committee under sections 53 and 54 of the Act.
- 7.8.2 Recommend that investigations be undertaken where considered required by the Committee. Reports on the progress and results of such investigations are to be received by the Committee.

Review of the Charter

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

RELATED POLICIES

Conflict of Interests
Manningham Values
Fraud and Corruption
Risk Management

RELATED LEGISLATION

Local Government Act 2020

SUPPORTING RESEARCH AND ANALYSIS

Victorian Local Government Inspectorate sample policies
Victorian Auditor General's report 'Audit Committee Governance' of August 2016

ADMINISTRATIVE UPDATES

From time to time, circumstances may change leading to the need for minor administrative changes to this policy. Where an update does not materially alter this policy, such a change may be made administratively. Examples of minor administrative changes include changes to names of Manningham Council departments or a minor amendment to legislation that does not have material impact. Where any change or update may materially change the intent of this policy, it must be considered by Council.

DOCUMENT HISTORY

Document Title:	Audit and Risk Committee Charter
Resp. Officer Position:	Chief Legal and Governance Officer
Next Review Date:	July 2026
To be included on website?	Yes

Last Updated	Meeting type? - Council or EMT	Meeting Date	Item N°
1 Sep 2020	Council	25 Aug 2020	13.2
July 2023	Council	22 Aug 2023	14.1