

Audit & Risk Committee Charter

Council

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Purpose

Murrindindi Shire Council is committed to providing good governance, public transparency and accountability to the communities within our Shire. The independent Audit & Risk Committee (Committee) is an advisory committee established under the *Local Government Act 2020* (Act) (s.53) and is key to supporting this commitment.

Council must adopt an Audit & Risk Committee Charter (**Charter**) (s.54 of the Act) to support the Committee to meet its legislative obligations to:

- Monitor Council's compliance with the Act's overarching governance principles (Appendix 1), the requirements of the Act and regulations, and Ministerial directions
- Monitor Council financial and performance reporting
- Monitor and provide advice on risk management and fraud prevention systems and controls; and
- Oversee internal and external audit functions.

The Charter outlines the Committee's purpose, authority, composition and tenure, responsibilities, and administrative arrangements – providing a clear framework for the Committee to effectively fulfil its oversight role.

Acknowledgement of Country

Murrindindi Shire Council is proud to acknowledge the Taungurung and Wurundjeri Woi Wurrung people as the traditional owners of the land we now call Murrindindi Shire. We pay our respects to First Nations leaders and elders, past, present and emerging, who are the keepers of history, traditions, knowledge and culture of this land. We commit to working in collaboration with traditional owners of this land in a spirit of reconciliation and partnership.

Charter

1. Authority

The Committee is formally appointed by Council and is accountable to Council for providing advice in the discharge of its responsibilities under the *Local Government Act 2020 (Act)*. The Committee is an independent advisory committee and does not have any delegated powers, including executive powers, management functions or delegated financial responsibility. Its role is to provide independent oversight, advice and guidance regarding the adequacy and effectiveness of management's internal control, governance and integrity.

To carry out its responsibilities under this Charter, the Committee is empowered to:

- Review the internal and external auditor's annual audit plans and reports of all audits undertaken
- Seek any information or advice it requires from Councillors, management or external bodies through the Chief Executive Officer
- Convene quarterly scheduled Committee meetings and special meetings as required
- Formally meet with Councillors, management, internal and external auditors as necessary
- Seek resolution on any disagreements between management and the external auditors on financial reporting
- Request external legal or other professional advice via the Chief Executive Officer at Council's expense
- Participate in the establishment of evaluation criteria for the appointment and review of internal audit services.

It is noted that the appointment of Council's internal auditor is made by Council upon recommendation of a tender evaluation panel comprising Council's senior executives.

2. Membership

The Committee will comprise five members: three Independent Members and two Councillors.

Council employees and those with a conflict of interest, including a beneficiary of Council business are ineligible for membership.

2.1 Independent Committee Members

Council will appoint Independent Members after publicly advertising for a three-year term expiring on 30 September of the third year.

Independent Members may serve up to two consecutive three-year terms. Council may reappoint an independent member for a second three-year term without public advertisement and may extend the term, if needed, to maintain continuity.

When considering reappointments, Council will ensure orderly rotation and may offer a shorter-term. If a vacancy occurs mid-term, Council will advertise to fill the remainder of that term, unless the term is due to expire within 6 months, in which case the appointment will cover the balance of the current term and the next three-year term.

Independent Members must collectively have expertise in financial management, risk management and experience in public sector management. They should be able to provide well-rounded and professional advice concerning the adequacy of Council's administrative, operational, financial and accounting systems and controls, performance reporting regimes and risk management processes.

Potential Independent Members will be assessed by a selection panel including the Mayor, a Councillor and the Chief Executive Officer, in line with Council's Recruitment Policy. The panel will consider the experience of candidates and their ability to apply sound analytical and strategic skills. Appointments are subject to a satisfactory police check clearance and Council's formal endorsement.

New Independent Members will receive induction materials and briefings from Council Officers and the Committee's Chair will support their onboarding.

Independent Members will receive an honorarium for their meeting attendance and related work. The level of the honorarium is set by Council and reviewed once every Council term following benchmarking against at least five other peer Councils. Honorariums will be paid quarterly on receipt of a Tax Invoice.

If Council proposes to remove a member, it must give written notice to the member and provide the member with an opportunity to be heard at a Council briefing session, upon request.

2.2 Councillor members

The two Murrindindi Shire Councillor Members will be appointed by Council annually. Their eligibility for continuous re-appointment is at Council's discretion.

Councillor Members will preferably have an understanding of financial, risk or public sector management.

Council may appoint a third Councillor as a substitute Councillor Member should a Councillor Member be unavailable to attend one or more Committee meetings.

2.3 Committee Chair

The Committee Chair must be an Independent Member (s.54(4) of the Act) and be recommended by the Committee to Council for appointment.

The Chair's term coincides with Council's annual financial reporting and external audit cycle, concluding at the end of the Committee meeting that considers the annual financial performance statements for the previous financial year (September).

The Committee will nominate a new Chair for Council's endorsement as the last item of business at that meeting.

In the absence of the Chair for a meeting, the Committee will appoint an acting Chair from the Independent Members present.

3. Committee meetings

3.1 Scheduling meetings

The Committee will schedule at least four meetings annually. The Chair may convene additional meetings as required to execute urgent or extraordinary Committee responsibilities after consultation with the Chief Executive Officer or Mayor. Additional meetings may also be called by the Chief Executive Officer or Mayor after consultation with the Chair.

3.2 Meeting attendance

All Committee meetings will be closed to the public, however, meeting minutes will be presented to a subsequent Council meeting for noting and be available for public inspection.

Committee Members may attend meetings remotely by audio-visual means, provided the technology used enables all participants to clearly communicate, be heard, and effectively perform their duties, and the Manager Governance & Risk is advised prior to the meeting.

Representatives of the internal and external auditors, or any guest speakers, have the option of attending Committee meetings virtually.

External Auditor representatives will attend meetings relevant to the preparation and presentation of the annual financial report and results of the external audit and may also be invited to attend other meetings

All Members are expected to attend 100% of scheduled meetings each financial year (Victorian Government's Appointment and Remuneration Guidelines). If an Independent Member is unable to attend at least 75% of meetings, they will be required to resign unless Council grants an exemption following a recommendation from the Committee.

The Chief Executive Officer and/or Director People & Corporate Performance will attend all meetings wherever possible.

Additional attendees may attend Committee meetings:

- In an advisory or support capacity:
 - Council's Executive and Management, as determined by the Chief Executive Officer
 - Murrindindi Shire Council's internal and external auditors
 - Administrative support provided by the Manager Governance and Risk (or delegate)
 - Other Council Officers invited by the Chair or Chief Executive Officer when an agenda item related to their area of expertise and responsibility is presented.
- As an observer:
 - Mayor and Councillors

3.3 Third party observers

Council may make annual appointments of third-party observers to the Committee to enable exchange of relevant experience and knowledge for the mutual benefit of the Committee and the observer. Council may extend the term of an appointed observer at its discretion. An appointed third-party observer will not be entitled to an honorarium.

An appointed observer will be expected to attend all meetings and will be mentored by either an Independent Member or a senior Council Officer as determined by the Chief Executive Officer in consultation with the Chair.

The observer will be subject to the Charter's conflicts of interest, integrity and confidentiality requirements.

3.4 Quorum

A quorum will be an absolute majority of Committee voting members, including at least two Independent Members.

3.5 Meeting conduct

The Committee may, if required, agree to conduct business by circular resolution outside scheduled meetings with the Chair's approval. Such resolutions will be recorded in the minutes of the next scheduled Committee meeting.

Committee members must abide by Council's Governance Rules to the extent that they apply to:

- Meeting conduct and voting (when in force) and will otherwise comply with the relevant model governance rules (however named) when they come into force.
- Declarations of general or material conflict of The Member declaring the conflict of interest must declare the conflict at the start of the meeting and leave the meeting while the agenda item or topic is being discussed. Details of any declared conflicts of interest will be recorded in the minutes

Any reference to Councillors in the Governance Rules will be considered references to Committee Members for the purposes of interpreting Council's Governance Rules.

The Committee may, at its discretion, meet without management present to discuss issues of relevance with:

- Internal auditor during each scheduled Committee meeting; and
- External auditor, at least annually.

3.6 Meeting facilitation

The Chief Executive Officer or delegate will facilitate Committee meeting preparation and provide secretarial services to ensure:

- Meeting agendas together with appropriate briefing material are prepared and provided to Committee members within seven days of the meeting date, where possible

- Internal audit scopes are issued for quorum approval via circular resolution, where unable to be presented at meetings
- Minutes are taken at each meeting and presented to the subsequent Committee meeting for confirmation
- The unconfirmed minutes of each meeting are included in the next Scheduled Meeting of Council Agenda for noting.

4 Reporting

4.1 Biannual Audit & Risk Report

The Committee will prepare a Biannual Audit and Risk Report that describes its activities, findings and recommendations in accordance with section 54(5a) of the Act. The report will be provided to the Chief Executive Officer for tabling at the next scheduled Council Meeting and the Chair may be invited to present the report.

The report will include:

- A summary of the work performed by the Committee to fully discharge its responsibilities
- A summary of management's progress in addressing the results of internal and external audit reports.
- For the topics covered in the period under review, an overall assessment of Council's risks, controls, and compliance processes, including details of any significant emerging risks or legislative changes impacting Council.

4.2 Annual Committee Performance Report

The Committee will also prepare an Annual Committee Performance Report that includes an annual self-assessment of Committee performance against the requirements of the Charter in accordance with section 54(4a) of the Act. The assessment will be facilitated by Council's executive and completed with input from Committee members, Council's executive, and Council's internal auditor, and will include Member annual attendance statistics.

The report will be provided to the Chief Executive Officer for tabling at a scheduled Council Meeting and the Chair may be invited to present the report.

5 Transparency measures

The following will be published on Council's website for public viewing:

- The Audit & Risk Committee Charter
- Committee Meeting minutes
- Biannual Audit & Risk Report
- Annual Committee Performance Report.

Internal audit reports will not be made public.

6 Conduct and integrity

Members must act with integrity and avoid fraud and corruption (s.53(5), ss.123 and 126 of the Act).

7 Misuse of position

Members must not 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 Council or another person (s123 of the Act), including:

- Making improper use of information acquired as Committee member
- Disclosing information which is confidential
- Directing or improperly influencing or seeking to improperly influence a member of Council staff
- Exercising or performing, or purporting to exercise or perform, a power, duty or function that the person is not authorised to exercise or perform
- Using public funds or resources improperly or unauthorised
- Participating in a decision on a matter that they have a conflict of interests.

8 Conflicts of interest

Members must be familiar with the requirements of the Act relating to conflicts of interest and disclosure processes. Members are required to disclose all (general or material) and must exclude themselves from discussions, decision-making and voting on the matter, which is the subject of the conflict (Division 2 of the Act). Failure to declare and manage a conflict may result in an Independent Member's appointment termination and or a members prosecution under the Act.

9 Confidential Information

All Members must maintain confidentiality (s.3(1) and s.125 of the Act) and avoid a breach of confidence by sharing Council business information that would be likely to:

- Prejudice Council's position in commercial negotiations
- That would be likely to endanger the security of Council property
- Prejudice law enforcement or erode legal privilege
- Release confidential meeting materials
- Release Councillor Conduct Panel confidential information.
- Effect the rights of people to have their personal information protected.

Failure to comply with the provisions of the Act relating to confidentiality may result in the Independent Member's appointment being terminated and may result in a member's prosecution.

Responsibilities

10 Areas of Responsibility

The Committee is responsible for Committee governance, and monitoring and providing advice on finance and performance, audit and assurance, fraud, and risk and compliance.

10.1 Committee Governance

The Committee will:

- Receive regular updates from the Chief Executive Officer on significant achievements and strategic matters which increase Committee understanding of the context of Council operations and enable the effective performance of its role.
- Adopt an annual work plan and forward meeting schedule including a proposed plan for each meeting for the forthcoming year that covers the Charter's responsibilities.
- Report to Council biannually on the Committee's activities and recommendations and annually on the Committee's performance against the Charter (refer clause 6 Review and Reporting).

10.2 Finance and performance

The Committee will:

- Monitor Council's quarterly and annual financial and performance reports, and consider whether reports are complete, consistent with information known to the Committee, and consistent with appropriate accounting principles and policy.
- Review any significant accounting and reporting issues, including complex or unusual transactions, or significant adjustments to the financial report arising from the audit process and consider their effect on financial management, policy and reporting.
- Monitor compliance with accounting standards, applicable regulatory and legislative changes, and other reporting requirements of financial and non-financial information.
- Review any significant changes to the content of reports, the operating results, financial position and performance indicators in comparison to the previous year.
- Recommend the adoption of the Annual Financial and Performance Statements to Council.

- Monitor Councillor expenses and approval processes and the Chief Executive Officer purchasing card expense approval process to ensure compliance with Council policy.

10.3 Audit and assurance

The Committee will:

- Monitor the performance audits undertaken by the Victorian Auditor-General's Office, and other relevant reports conducted by external integrity agencies, considering the implications for Council.
- Meet with the auditors to discuss any matters that the Committee, internal auditor or external auditor believes should be discussed in camera, without Council officers present.
- Facilitate liaison between the internal and external auditors to promote compatibility, to the extent appropriate, between their audit programs.

Internal Audit

- Review with management and the internal auditor the performance of the internal audit function, ensuring that audit activities, resourcing, and access are appropriate to enable the auditor's independent review.
- Review and approve the annual audit plan and all major changes to the plan, ensuring over a 3-year period the plan addresses:
 - Internal controls over significant areas of business risk, including non-financial management control systems
 - Internal controls over revenue, expenditure, assets and liability processes
 - the efficiency, effectiveness and economy of significant Council programs; and
 - Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- Monitor the execution of the internal audit plan, by approving internal audit scopes, receiving internal audit reports, noting management's comments to recommendations and reviewing management's completion of agreed actions.

External audit

- Discuss with the external auditor the proposed audit scope and approach.
- Review with the external auditor and management, issues arising from the audit, including all significant Management Letter items and the potential impact of those items on Council's system of internal control.

- Review management's completion of agreed actions from the external audit.
- Review the performance of the external auditor annually.

10.4 Risk and compliance

Risk Management

The Committee will:

- Monitor and advise on the implementation of Council's Enterprise Risk Management Framework and management of strategic risks and key operational risks, including consideration of the effectiveness of the key internal control environment and reliability of assurance activities.
- Review insurance coverage and claims management annually to be assured of the adequacy of the insurance program as a key mitigation for financial risk exposure.
- Monitor and advise on the implementation of business continuity management and disaster recovery systems, obtaining sufficient assurance that management have an appropriate and effective system in place.

Compliance Management

The Committee will:

- Monitor Council's systems and processes regarding compliance with legislation and regulations.
- Monitor the compliance of Council policies with the overarching governance principles in the Act, the Act itself and associated regulations and any Ministerial directions.
- Monitor and advise on the implementation of the enterprise compliance management system, and management of compliance obligations, including consideration of the effectiveness of the key control environment and reliability of assurance activities.
- Monitor and advise on the implementation of the fraud and corruption prevention and control management system, obtaining sufficient assurance that management have an appropriate and effective system in place.
- Monitor application of integrity policies and procedures, including codes of conduct, public interest disclosures, handling of serious complaints, public transparency, gifts, benefits & hospitality and the reporting of associated registers including the Gifts and Conflicts of Interest Registers.
- Monitor compliance with Council's procurement framework with a focus on the probity and transparency of policies, procedures and processes.

Attachments

Appendix 1 – Overarching Governance Principles

Related Legislation, Strategies and Policies

- Local Government Act 1989
- Local Government Act 2020

Council Plan Alignment

This policy supports the Council Plan 2025-29 Transparent Governance and Authentic Engagement Strategy to continuously improve our approach to governance, compliance and reporting.

Review

The Committee will review the Charter annually or as required following legislative or policy changes and seek Council's approval. The outcomes of the review will be reported to Council as part of the Annual Committee Performance Report.

Consultation

The Committee was consulted on the changes and provided feedback, which is incorporated into the Charter.

Legislative and Social Framework Considerations

Gender Impact Assessment

The review considered whether the Charter contained any barriers to women's participation on the Committee and none were found.

Intersectionality/Social Equality

The review considered whether it contained any social inequality barriers and none were found.

Governance Principles

The Policy complies with legal obligations and will be made transparently available on Council's website.

Environment

The Policy enables audio-visual participation enabling energy consumption savings otherwise used to attend meetings.

Occupational Health & Safety

The review considered OH&S and found no risks to be controlled.

Human Rights

The Policy review considered human rights legislation and found no issues that would impede compliance.

Document Amendments

Version Number	Change Description	Date Adopted
V1	Original document	23 July 2020
V2	Revised	June 2024
V3	Revised for clarity and readability included an amendment for appointment of independent members in September and the Chair appointment September annually.	22 April 2026

Appendix 1 – Overarching Governance Principles

Local Government Act 2020 – s.9

Overarching governance principles and supporting principles

- (1) A Council must in the performance of its role give effect to the overarching governance principles.
- (2) The following are the overarching governance principles—
 - (a) Council decisions are to be made and actions taken in accordance with the relevant law;
 - (b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;
 - (c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted;
 - (d) the municipal community is to be engaged in strategic planning and strategic decision making;
 - (e) innovation and continuous improvement is to be pursued;
 - (f) collaboration with other Councils and Governments and statutory bodies is to be sought;
 - (g) the ongoing financial viability of the Council is to be ensured;
 - (h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;
 - (i) the transparency of Council decisions, actions and information is to be ensured.