THE CITY OF
GREATER GEELONG

AUDIT AND RISK COMMITTEE CHARTER

VERSION: 6

Approval Date: 27 May 2025

Approved by: Council

Review Date: May 2027

Responsible Officer: Manager Enterprise Risk & Insurance

Authorising Officer: Executive Director Corporate Services

CITY OF GREATER
GEELONG

Contents

Introduction

BACKGROUND

The Audit and Risk Committee's Charter has been developed and adopted in accordance with the section 54(7) of the *Local Government Act (Vic) 2020* (the Act).

PURPOSE

The City of Greater Geelong (Council) has established an Audit & Risk Committee (Committee) pursuant to section 53(1) of the Act.

The purpose of the Committee is to provide a structured, systematic oversight of Council's governance, assurance, risk management and internal control practices to assist Council to discharge its obligations in relation to these matters. This oversight mechanism also serves to provide confidence in the integrity of these practices, the Council and the City.

COMMITTEE'S RESPONSIBILITIES

The Committee is responsible for[1]:

- Monitoring compliance of Council policies and procedures with:
  - The overarching governance principles set out in section 9 of the Act; and
  - The Act and the regulations and any Ministerial directions;
- Monitoring Council financial and performance reporting;
- Monitoring and providing advice on risk management and fraud prevention systems and controls; and
- Overseeing the internal and external audit functions.

[1] Section 54(2) LGA 2020

Definitions

This section defines the key terms used in this Charter.

CITY

The City of Greater Geelong organisation, led by the Chief Executive Officer.

COMMITTEE

The Audit and Risk Committee established pursuant to section 53(1) of the Act.

COUNCIL

The City of Greater Geelong Council comprised of elected councillors and led by the Mayor.

DELEGATED COMMITTEE

Means a Committee established by Council pursuant to section 63 of the Act.

LGA

The *Local Government Act (Vic) 2020.*

The Charter

1. AUTHORITY

The Committee is directly responsible to Council for its performance in discharging its responsibilities as set out in this Charter.

1.1. The Committee has no delegated authority from Council[2].

1.2. The Committee has no executive authority to implement actions in areas over which management has responsibility and has no delegated financial responsibilities.

1.3. The Committee has no management functions and is independent of management.

2. SUPPORT

The Committee will have access to appropriate management support to enable it to discharge its responsibilities effectively, including[3]:

2.1. Appropriate support for development of meeting agendas and papers, minute taking during meetings and follow up actions arising from meetings;

2.2. The provision of any information that it deems necessary including records, data and reports;

2.3. Attendance of management and other relevant City officers at meetings as appropriate; and

2.4. Access to independent experts where it considers it necessary to execute its duties, subject to prior agreement with the Chief Executive Officer.

3. OBJECTIVE

The Committee's objective is to oversee the matters detailed in section 4 of this charter as well as:

3.1. The integrity of external reporting, including both periodic management financial reports and external financial reports;

3.2. The scopes of work, objectivity, performance and independence of the external and internal auditors;

3.3. The maintenance of effective systems and controls to safeguard Council's financial and physical resources;

3.4. The maintenance of policies, systems and procedures designed to ensure that Council complies with relevant statutory and regulatory requirements and best practice guidelines; and

3.5. The maintenance of frameworks, strategies and systems that enable effective recognition of material risks arising from Council's strategies and operations and actions taken to manage those risks.

In carrying out its work, the Committee must promote the City's values and appropriate ethical and governance standards and practices.

[2] Section 53(2) LGA 2020

[3] Section 54(6) LGA 2020

4. OVERSIGHT

The Committee will provide oversight of a number of governance and operational functions as detailed below:

4.1. Financial Reporting

The Committee is responsible for:

4.1.1. Reviewing significant accounting and external reporting issues, including complex or unusual transactions and highly judgmental areas, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report;

4.1.2. Reviewing the annual financial report and performance statement and consider whether they are complete, consistent with information known to Committee members and reflects appropriate accounting treatments;

4.1.3. Reviewing with management and the external auditors the results of the audit, including any difficulties encountered by the auditors;

4.1.4. Recommending the adoption of the annual financial report and performance statement to Council; and

4.1.5. Reviewing the appropriateness of the framework and content of periodic management financial reporting to Council.

4.2. Risk Management

The Committee is responsible for:

4.2.1. Monitoring and providing advice on risk management practices and risk profile;

4.2.2. Monitoring and providing advice on fraud prevention systems and controls;

4.2.3. Reviewing the insurance program annually; and

4.2.4. Monitoring management process and systems in relation to cyber security, including strategy, assets protection, testing and recovery.

4.3. Systems and Controls to safeguard the City's resources

The Committee is responsible for:

4.3.1. Reviewing the adequacy and effectiveness of systems and controls for providing a sound internal control framework;

4.3.2. Reviewing policies and procedures in place for the setting and management of delegations of authority annually;

4.3.3. Keeping informed of any actual or suspected instances of fraud or corruption within the City;

4.3.4. Reviewing the Chief Executive Officer's expense reports; and

4.3.5. Reviewing the expense reports for Councillors and all members of delegated Committees in accordance with the Act[4]

4.4. External Audit

The Committee is responsible for:

4.4.1. Annually reviewing the audit scope and approach proposed by the external auditor, including the extent of reliance on internal audit activities;

[4] Section 40(2) LGA 2020

4.4.2. Discussing with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope or access to information;

4.4.3. Monitoring progress of implementation and appropriateness of significant findings and recommendations made by the external auditor, and that management's responses to them are appropriate and acted upon in a timely manner;

4.4.4. Considering the findings and results of any relevant performance audits undertaken by the external auditor and monitoring implementation of recommendations by Council; and

4.4.5. Meeting with the external auditor at least annually in the absence of management.

4.5. Internal Audit

The Committee is responsible for:

4.5.1. Reviewing with management the Internal Audit Charter, activities, resourcing and organisational structure supporting the internal audit function;

4.5.2. Reviewing the provision of internal audit services and the performance of the Internal Auditor annually;

4.5.3. Reviewing and recommending to Council approval of the three-year rolling strategic internal audit plan, the annual internal audit plan and any major changes to them, ensuring the proposed strategic internal audit plan appropriately considers Council's strategic risks;

4.5.4. Reviewing and approving proposed scopes for each review in the annual internal audit plan;

4.5.5. Reviewing and endorsing all reports and providing advice to Council on significant issues identified in audit reports and action being taken on issues raised, including identification and dissemination of good practice;

4.5.6. Monitoring action by management on significant internal audit findings and recommendations;

4.5.7. Meeting with the Internal Auditor at least once per year in the absence of management and confirm it has no unjustified limitation on its work;

4.5.8. Monitoring processes and practices to ensure that the independence of the internal audit function is maintained; and

4.5.9. Be consulted during any procurement process for internal audit services.

4.6. Compliance Management

The Committee is responsible for:

4.6.1. Reviewing the systems and processes implemented by management for monitoring compliance with legislation and regulations and the results of management's follow up of any instances of non-compliance; and

4.6.2. Keeping informed of the findings of any examinations by regulatory or integrity agencies (whether related to investigations at Council or other agencies) and monitoring management's response to the findings.

4.7. Other Matters Referred by Council

The Committee will undertake any other activities as requested by Council from time to time.

4.8. Work Plan

A work plan will be established to ensure that the responsibilities of the Committee are carried out, including oversight of the functions in this section[5].

The work plan will be reviewed and approved at least annually by the Committee.

[5] Section 54(3) LGA 2020

5. COMMITTEE MEMBERSHIP

5.1. Committee Members and Tenure

5.1.1. The Committee will be comprised of five voting members, being:

5.1.1.1. Three independent members and

5.1.1.2. Two Councillor members[6] being the:

- Mayor or Deputy Mayor as delegate; and
- One Councillor or nominated Councillor as delegate.

5.1.2. Committee members will be appointed by Council and:

5.1.2.1. Councillor Committee members will be appointed every 2 years by Council; and

5.1.2.2. Independent members will be appointed for a period of up to three years.

5.1.3. Independent members may serve a maximum of three consecutive terms of three years and the last term may be extended to enable recruiting external members. Independent members seeking reappointment for a subsequent term must express their interest in doing so to the Chief Executive Officer no later than four months before the end of their current term.

5.2. Chairperson

5.2.1. The Chairperson will be an independent member[7] and will be elected by the Committee annually.

5.3. Skills, Experience and Knowledge of Committee Members

5.3.1. Committee members should collectively possess sufficient knowledge of audit, risk, IT, governance, finance and performance reporting, control environments and assurance processes as well as specific industry knowledge.

5.3.2. Independent members must collectively have experience in

- public sector management[8] ;and
- financial management and risk.

5.4. Recruitment of Independent Members

5.4.1. Independent members will be appointed by Council following a public expression of interest process run by the City. The interview panel for the recruitment of independent members shall include one current Committee member.

5.5. Remuneration of Independent Members

5.5.1. Remuneration will be paid to independent members[9]. Fees will be based on a fee per meeting, set by the Chief Executive Officer, which will be indexed by 2% each 1 July.

5.6. City Officers ineligible for Membership

5.6.1. City Officers are not eligible to be members of the Committee[10].

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[6] Section 54(3) LGA 2020

[7] Section 53(4) LGA 2020

[8] Section 53(3)(i) LGA 2020

[9] Section 53(6) LGA 2020

[10] Section 53(3)© LGA 2020

5.7. Termination of Membership

5.7.1. A Committee member who does not comply with their obligations under the Act may have their membership terminated.

6. MEETINGS

6.1. Meeting Frequency

6.1.1. The Committee should meet as required but will hold at least four scheduled meetings per annum plus a meeting to consider the annual financial accounts.

6.1.2. A schedule of meetings will be determined on an annual basis.

6.1.3. With the approval of the Committee Chairperson, the Committee may meet at other times at the request of any Committee member, the Mayor, Council or the external or internal auditors.

6.1.4. The Committee may hold a meeting by correspondence to consider matters between scheduled meetings. The meeting will be conducted by circulating resolution. The report outlining the matter and a request to vote on the item will be sent by email.

6.1.5. Any Councillor may attend as an observer.

6.1.6. The Committee may invite any person to attend meetings.

6.1.7. The Chief Executive Officer and the Executive Director Corporate Services are required to attend meetings.

6.1.8. City officers who have prepared reports for the Committee, and their Executive Director, will be required to attend the meeting to present their report at the allocated time.

6.1.9. Attendance at a meeting may be in person, via teleconference or video conference.

6.1.10. All Committee members are expected to prepare adequately to participate in meetings.

6.2. Meeting Administration

6.2.1. The meeting agenda will be set by the City in consultation with the Committee Chairperson.

6.2.2. Meeting agendas and papers should be available to Committee members at least one week prior to meetings.

6.2.3. The Chief Executive Officer will be responsible for preparation and maintenance of agendas, minutes and reports of the Committee[11].

6.2.4. A quorum of the Committee will be three members, two of whom will be independent members and one of whom will be a Councillor member.

6.2.5. If the Chairperson is unable to attend a meeting, the Committee shall appoint an Acting Chairperson for the meeting at which the Chairperson is absent. The Acting Chairperson will be an independent Committee member.

6.3. Minutes and Reporting

6.3.1. Minutes of each meeting will be provided to the Chairperson within seven days of each meeting and following the Chairperson's approval:

6.3.1.1. Shall be circulated to all Committee members; and

6.3.1.2. Be reported to the Council and the next Council meeting under a confidential report.

[11] Section 54(6)(a) LGA 2020

6.3.2. The Committee must prepare a biannual audit and risk report that describes the activities of the Committee and includes its findings and recommendations[12]. A copy of the biannual report is to be provided to the Chief Executive Officer, who must table it at the next council meeting[13].

6.3.3. The Chief Executive Officer must table a copy of the Committee's annual performance assessment at the next Council meeting[14].

6.3.4. The Chairperson will meet with Council regularly, and not less than two times per year to brief Councillors on the Committee's activities.

7. INDUCTION AND TRAINING

7.1. Council will provide newly appointed members with appropriate induction information to assist them in gaining an understanding of the business.

7.2. The Chief Executive Officer will provide opportunities for ongoing development of independent members which may include the opportunity to attend relevant Council briefing sessions, site visits, industry conferences, regulatory briefings and other organisational briefings or updates.

8. PERFORMANCE EVALUATION

8.1. The Committee shall undertake an annual assessment of its performance against the Charter and report the results to the Chief Executive Officer[15].

9. CONDUCT

Members of the Committee are required to comply with sections 123 (misuse of position), 125 (confidential information) and Division 2 of Part 6 (conflict of interest) of the Act[16], which includes, among other things, the following requirements:

9.1. Conflict of Interest

Members of the Committee must be fully aware of their responsibilities with regard to the management of interests in relation to the discharge of their duties as a member of the Committee. Management of interests includes the proper management of any conflict of interest as and when they may arise.

Committee members must disclose any conflict of interest to the Chairperson. Where the conflict is related to the Chairperson, it must be disclosed to the Mayor.

Once a conflict of interest is identified the member of the Committee must:

9.1.1. Disclose the conflict of interest immediately before the matter is considered in meeting including

9.1.1.1. The type of interest, either general or material; and

9.1.1.2. The nature of the interest.

9.1.2. Notify the Chairperson that they are leaving the meeting;

9.1.3. Leave the room and vicinity while the matter is being considered and await the Chairperson's direction to return; and

9.1.4. Notify the Chairperson prior to the meeting if they are not going to be present at the meeting.

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[12] Section 54(5)(a) LGA 2020

[13] Section 54(5)(b) LGA 2020

[14] Section 54(4)(b) LGA 2020

[15] Section 54(4)(a) LGA 2020

[16] Section 53(5)LGA 2020

If details are private in nature, then the nature of the interest can be declared to the Chairperson in writing prior to the meeting and the disclosure will simply be the type of interest.

Disclosure of conflicts of interest must be recorded in the minutes.

9.2. Misuse of Position

Committee members 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 cause, or attempt to cause, determinant to Council or another person.

9.3. Confidential Information

Committee members must not intentionally or recklessly disclose information that they know, or should reasonably know, is confidential information.

Independent members will be required to sign a Confidentiality Agreement upon commencement of their term.

Failure to comply with the provisions of the Act regarding conflict of interest may result in prosecution for breach of the Act and the member's appointment being terminated by Council.

Implementation of this Charter

MONITORING AND REPORTING

- The Manager Enterprise Risk & Insurance is responsible for monitoring and reporting against this Charter.

ADVICE AND ASSISTANCE

- The Manager Enterprise Risk & Insurance manages the provision of advice to the organisation regarding this Charter.
- A person who is uncertain how to comply with this Charter should seek advice from this person.

RECORDS

The City must retain records associated with this Charter and its implementation for at least the period shown below.

Record	Retention / Disposal Authority	Retention Period	Location
Agendas	Executive Director Corporate Services	Permanent	ReX
Minutes	Executive Director Corporate Services	Permanent	ReX
Correspondence	Executive Director Corporate Services	7 years	ReX
Letters of Appointment	Executive Director Corporate Services	Permanent	ReX

REVIEW

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

References

- *Local Government Act (Vic) 2020*
- Internal Audit Charter