



# Audit and Risk Committee Charter

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# 1. Purpose

The Audit and Risk Committee Charter (the Charter) outlines the functions and responsibilities of the Audit and Risk Committee (the Committee) in assisting the East Gippsland Shire Council (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 Council established under section 53 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 Charter applies to all Committee members, Councillors who are members of the Committee, the Internal and External auditors and relevant Council Officers as defined in the Roles and Responsibilities section.

## 3. Context

The Committee has been established pursuant to section 53 of the Act. 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<sup>1</sup>, 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; and
- d) overseeing internal and external audit functions.

The Charter has been developed having regard to Victorian Auditor General's report 'Audit Committee Governance' of August 2016 (including Standing Directions of the Minister for Finance 2016).

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<sup>1</sup> Section 9 of the *Local Government Act 2020* included in the definitions.

## 4. Statement

### 4.1 Authority

The Committee is an advisory committee and does not have any delegated powers, executive powers, management functions, or delegated financial responsibility.

The Act states that the Committee is not a delegated committee as per the provisions under section 53(2) of the Act.

Council authorises the Committee, within its functions and responsibilities to:

- endorse key documents and reports that must be approved by Council, including annual financial reports, annual performance statements;
- monitor policies and procedures compliance with the overarching governance principles in the Act and regulations and any ministerial directions;
- oversee internal and external audit plans, including internal audit plans with an outlook of greater than one year;
- provide advice and make recommendations to Council on matters within its areas of responsibility;
- retain counsel of relevant independent experts where it considers that it is necessary in order to execute its responsibilities, subject to prior agreement with the Chief Executive Officer;
- seek any relevant information it requires from Council, Council Officers and external parties; and
- meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities.

### 4.2 Objectives

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

- legislative and good governance compliance;
- financial and performance reporting;
- risk management with a focus on strategic risks; and
- internal and external audit.

The purpose of the Charter is to guide the operation of the Committee.

### 4.3 Membership

- a) The Committee will comprise of five members: three independent members - one of whom will be appointed by Council as Chair<sup>2</sup>; the Mayor of the day; and one other Councillor appointed annually by Council. The majority of Committee members must be independent members (as per section 53(3)(b) of the Act). The Committee must not include any person who is a member of Council staff.<sup>3</sup>
- b) Independent members will be sought by way of public advertisement seeking expressions of interest.

Appointment of independent members will be by Council resolution following receipt of a recommendation from a panel comprising the Chief Executive Officer (or delegate), the Mayor (or Deputy Mayor, if the Mayor is unavailable), and the Councillor Committee Member. If the Councillor Committee Member is unavailable, a substitute Councillor may be nominated by the Mayor, in consultation with the Chief Executive Officer.

The Panel will evaluate candidates based on their expertise and experience and demonstrated ability to apply appropriate analytical and strategic management skills, as well as the alignment of their skills with the overall skillset of the Committee.

Having regard to Council's Workforce Plan, the Diversity and Inclusion Statement is relevant for all Committees of Council:

*East Gippsland Shire Council is committed to promoting and supporting diversity in the workplace and recognises that our success depends upon our people with their diverse views, abilities, skills, languages, cultures, and backgrounds, as well as differences in race, religion and/or belief, gender and sexual orientation. We respect, value, and encourage diversity in the workplace. We are an inclusive organisation that values fairness, respect, equity, and diversity consistent with our policies and the Gender Equality Act 2020.*

As part of an induction process, newly appointed members will meet with the Mayor and Chief Executive Officer to discuss the functions of the Committee including coverage of the Charter, the Committee's Annual Work Plan and Annual Performance Review.

- c) Terms for independent members will be up to a maximum of three years. However, members may re-apply at the end of their term and may be re-appointed for further terms. The position must be advertised after an independent member has completed six years on the Committee. The independent member may apply as part of the competitive process.
- d) Terms of appointment will be arranged to ensure an orderly rotation and continuity of membership, and will remain in effect regardless of changes to Council's elected representatives.
- e) The Act, under section 53(3)(b) specifies that independent Committee members must collectively possess expertise in financial management and risk, and experience in public sector management.

Further, the Committee should collectively possess sufficient knowledge and strategic skills in audit, governance, control and compliance.

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<sup>2</sup> The chairperson of an Audit and Risk Committee must not be a Councillor of the Council (s53(4) of the *Local Government Act* 2020)

<sup>3</sup> Section 53(3)(c) of the *Local Government Act* 2020

It is preferable that at least one of the independent members is a member of CPA Australia (CPA status), the Institute of Chartered Accountants Australia (CA status) and/or the Institute of Internal Auditors.

As the focus and responsibilities of the Committee respond to emerging needs and regulatory, economic, and reporting developments, members' competencies and the overall balance of skills on the Committee will be re-evaluated in the appointment of new and returning members.

- f) Members of the Committee will be covered by Council's professional indemnity insurance for the service they undertake on the Committee.
- g) The independent members of the Committee will be remunerated for the performance of their duties at Committee meetings in accordance with the rate determined by Council from time to time, indexed annually. The independent members will be remunerated for attendance at additional meetings such as workshops at 50% of the rate.
- h) An independent member may resign or retire before the expiry of their term by notifying Council of their intention in writing.

In the event of an independent member resigning or retiring before the expiry of their term, the vacancy will be filled at the discretion of Council provided the composition requirements of the Committee can be met.

If the resignation and/or retirement of two or more of the independent members coincide, Council may extend one sitting independent member's term by one year to provide a level of continuity on the Committee.

- i) The Committee may make a recommendation to Council to terminate an independent member's appointment. The recommendation must be accompanied by specific rationale that may include that the independent member:
  - failed to comply with the provisions of the Act;
  - has not upheld the intent of this Charter and its Principles;
  - failed to comply with Council's Values and expectations of conduct;
  - has been absent from three consecutive meetings without notification of leave of absence.

If Council decides to progress with the termination of an independent Committee member prior to the expiry of their term, the following steps must occur:

- **consultation with the Chair of the Committee (where appropriate);**
- **the independent Committee member will be provided with written notice; and**
- **the independent Committee member will be given the opportunity to be heard at a meeting of Councillors.**

Council will then make a final determination based on the outcomes of the aforementioned steps. A Council resolution will be required if the termination of an independent Committee member is to proceed.

## 4.4 Chair

- a) The Chair of the Committee must be an independent member (section 53(4) of the Act) and will be directly appointed by Council.
- b) In the absence of the Chair, the Committee will elect another independent member in attendance as Acting Chair.

## 4.5 Principles

### 4.5.1 Values

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

Respect – We treat all with courtesy and dignity.

Collaboration – We build and maintain productive relationships.

Integrity – we focus on taking the correct course of action.

Accountability – We are responsible for our actions and outcomes.

### 4.5.2 All Committee Members will:

- strive to attend all meetings, sending apologies to the Chair for necessary absences;
- prepare for the meeting by reading the agenda papers and any emails before the meeting;
- talk to the Chair before the meeting if you need to clarify anything;
- arrive on time. Stay to the end;
- participate fully in the meeting;
- listen to what others have to say and keep an open mind;
- contribute positively to the discussions;
- try to be concise and avoid long drawn-out explanations;
- help others concentrate on the meeting. Discourage side conversations;
- have the best interests of the organisation/beneficiaries in mind at all times;
- draw attention to any potential conflicts of interest that may arise in the meeting;
- fulfil any responsibilities assigned to you at the meeting and be prepared to report back on your progress at the next meeting;
- direct all questions through the Chair;
- direct any requests for Council Officers to provide information or perform an action through the Chair to the Chief Executive Officer;
- treat all Committee Members and Council Officers with respect and courtesy at all times;
- not interrupt or speak over another person speaking;
- not criticise, chastise or insult an officer or the Council during the meeting; and
- provide constructive feedback which will not offend, imply incompetence of an officer or humiliate an officer attending the meeting.

#### 4.5.3 Conflict of Interest

In accordance with section 130 of the Act (Disclosure of Conflict of Interest) and Council's Governance Rules, Committee members must make a full disclosure of all conflicts of interest prior to discussion of the matter for which the conflict of interest has arisen.

It is the responsibility of a Committee member to make their own determination about whether to declare a conflict of interest, consistent with the Definitions outlined in section 126, General Conflict of Interest in section 127, Material Conflict of Interest in section 128 and the exemptions in section 129 of the Act.

Further, having declared such a conflict on a matter, the Committee member must exclude themselves from all discussions in relation to the matter.<sup>4</sup>

#### 4.5.4 Misuse of Position

The provisions of section 123 of the Act in relation to the misuse of position apply to Committee members. 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, detriment to Council or another person.

The misuse of position provisions include:

- making improper use of information;
- disclosing information that is confidential information;
- exercising or performing (purporting to) a power, duty or function that the Committee member is not authorised to exercise or perform; and
- participating in a decision on a matter in which the Committee member has a conflict of interest.

#### 4.5.5 Confidentiality

Confidential information is defined in section 3 of the Act.

Committee members must comply with the requirements of sections 53(5) and 125 of the Act in relation to confidential information.

Committee members must not intentionally or recklessly disclose information that they know, or should reasonably know, is confidential information and commit to ensuring the safekeeping and disposal of confidential information.

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

Failure to comply with the provisions of the Act and this Charter with regard to confidentiality, may result in prosecution and the Committee member's appointment being terminated by Council.

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<sup>4</sup> As per Section 130 (2) (b) of the Act



## 4.6 Charter and Duties

The Committee is required to adopt an annual work program<sup>5</sup>. The work program will include activities that will assist the Committee to meet its objectives and responsibilities as defined in this Charter.

The Committee will oversee the implementation and ongoing review of early warning systems for financial risk management, ensuring timely identification and escalation of emerging risks.

Recommendations addressing risk and control deficiencies should be evidence-based, actionable, and include clear rationale and expected outcomes. The Committee will periodically review the quality and impact of its recommendations.

The following activities are to be included in the work program:

- a) Review Council's draft financial report and performance statement on an annual basis and:
  - in consultation with the external auditor, consider whether they are complete and consistent with information known to Committee members, and reflect appropriate accounting principles; and
  - if appropriate, recommend approval *in principle* to Council.
- b) Review the external auditor's Final Management Letter (annual audit report) with the external auditor and management and if appropriate, frame recommendations for Council's consideration.
- c) Review annually, the framework in place to ensure Council's risk exposure is managed appropriately. As a minimum, this will include:
  - a review of Council's risk management policies and procedures;
  - review of Council's risk registers in accordance with the reporting regimen documented in Council's Risk Management Policy, and consideration of the adequacy of actions taken to mitigate Council's risk; and
  - monitor and provide advice on risk management prevention systems and controls.
- d) Review Council's Fraud and Corruption Control System and fraud awareness programs annually, this will include:
  - receiving 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;
  - reviewing reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies; and
  - monitor and provide advice on fraud prevention systems and controls.
- e) Review Council's reporting against the Local Government Performance Reporting Framework. The Committee is responsible for:
  - receiving and considering performance reports;
  - annually reviewing draft service performance indicators and other performance information disclosures and consider the results in the context of the reports received throughout the year, challenging any unusual or unexpected results;
  - reviewing the internal control framework and level of assurance received around the accuracy and completeness of the information reported; and

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<sup>5</sup> Section 54(3) of the *Local Government Act 2020*

- providing a recommendation to Council.<sup>6</sup>
- f) In respect of Council policies and procedures:
- review annually, the systems and processes in place to ensure Council policies and procedures comply with the overarching governance principles, the Act and regulations, and Ministerial directions (e.g. in respect of risk, finance, business continuity, delegation, equal employment opportunity, workplace health and safety, privacy, etc.); and
  - 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.
- g) Through a process of mapping against Council's risk registers, endorse a draft three year Internal Audit Plan, and:
- annually review the delivery of the Internal Audit Plan and if required, make a recommendation to management on any amendments;
  - review and endorse the proposed scope of each Internal Audit to ensure it is appropriately focused, aligned with strategic and operational risks, and capable of delivering meaningful insights. Provide recommendations to strengthen the scope where necessary;
  - review internal audit reports and monitor progress on actions required to achieve rectification of any identified issues; and
  - review internal audit recommendations outstanding for more than two to ensure ongoing relevance and alignment with current organisational priorities.
- h) Review written reports on significant insurance and legal claims that may impact on Council's financial performance or otherwise expose Council to a high or extreme degree of risk, and mitigation action being taken in response.
- i) Where such matters fall within the Committee's Charter:
- receive reports on specific projects and investigations deemed necessary by the Chief Executive Officer and/or Council, including suspected or actual cases of fraud or any corrupt activity by Council Officers or others having business with Council, and if deemed appropriate make recommendations for Council's consideration; and
  - address issues referred for the attention of the Committee, including requests from Council for advice.
- j) Conduct an annual performance evaluation of the Committee, with all members required to participate. This evaluation includes a review of the adequacy of the Charter and, where appropriate, recommendations for amendment to be provided to the Chief Executive Officer for tabling at the next Council meeting.<sup>7</sup>
- k) Review management's responses to any findings identified in the investigation reports of regulatory agencies (e.g. Independent Broad-Based Anti-Corruption Commission (IBAC), Local Government Inspectorate, Victorian Auditor-General's Office, Victorian Ombudsman's Office) and monitor any management actions arising from those reports.

<sup>6</sup> Included as per Audit Committee Minutes Dec 17: The Roles and Responsibilities of the East Gippsland Shire Council Audit Committee referenced at p4-5 of the draft Local Government Performance Reporting Framework Policy and derived from p 11 of the extract (provided as Attachment 3) of the Local Government Better Practice Guide 2016-17 Performance Statement be incorporated in the next iteration of the Audit Committee Terms of Reference.

<sup>7</sup> Section 54(4)(b) of the *Local Government Act 2020*

- l) Review quarterly, a management report detailing the expenses and reimbursement of out-of-pocket expenses of Councillors and members of delegated committees<sup>8</sup> (where established) and if appropriate, make recommendations for Council's consideration.
- m) Prepare a report to Council 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 a report indicating how the Committee has discharged its responsibilities as set out in the Charter for the previous year.

## 4.7 Meetings

- a) The Committee will hold an ordinary meeting once each quarter.
- b) A special meeting will be held in September or October each year to discuss Council's audited draft financial report and performance statement; the Committee's performance evaluation for the previous financial year and any other matters identified by the Mayor and/or Committee Chair following consultation with the Chief Executive Officer.
- c) Additional meetings may be convened at the discretion of the Chief Executive Officer or at the written request of any member of the Committee, the external auditor, or the internal auditor.
- d) A quorum will exist if three or more Committee members are present and the number of independent members present is equal to or greater than the number of Councillor members present.
- e) The Committee will make every effort to arrive at its decisions by consensus. If consensus is not possible, matters will be resolved by a majority of votes cast by members in attendance. The Chair will have the casting vote if the votes are equal.
- f) Councillors who are not members of the Committee may attend meetings of the Committee as observers..
- g) The external auditor, internal auditor, General Manager Business Excellence and Chief Executive Officer will endeavour to attend all meetings of the Committee. Other members of Council staff may be invited to attend at the discretion of the Committee to provide advice and information when required.
- h) As the Committee is an advisory committee of Council, meetings are not open to the public.
- i) Prior to each meeting, Committee members may participate in an in-camera pre-meeting to advise the Chair of key focus areas within the agenda, assisting with the flow and effectiveness of the meeting. In-camera meetings may also be convened at the request of any Committee member, the auditors, or the CEO to discuss specific matters.
- j) If any matters are discussed in a Members-Only session, the Chair will report those matters at the subsequent full Committee meeting, ensuring they are appropriately recorded in the minutes to maintain transparency and accountability.

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<sup>8</sup> Section 40(2) of the *Local Government Act 2020*

## 4.8 Internal Control and Internal Audit

Where appropriate, the Committee and Council will actively support the work of the contract internal auditor. Line managers are responsible for managing the internal control processes in their respective departments, as recommended by the internal auditor, and will report to the Chief Executive Officer about compliance with internal control measures.

## 4.9 General and Legal Advice

Through the Chief Executive Officer, the Committee may obtain information and advice on any Council matter that falls within the Committee's Charter.

# 5. Roles and Responsibilities

Roles and responsibilities with respect to the Committee's function, as well as the implementation, communication and compliance monitoring of this Charter, are as follows:

Party / Parties	Roles and Responsibilities
<b>Chief Executive Officer</b>	<p>Overall responsibility for Charter implementation and compliance by all Audit and Risk Committee members. While not a member of the Committee, attend all meetings of the Committee and provide guidance and advice.</p> <p>Will also:</p> <ul style="list-style-type: none"><li>• ensure that an appropriate agenda is formulated for Committee meetings and circulated to Committee members in a timely fashion;</li><li>• facilitate meetings by arranging for members of management, auditors or others to attend to provide pertinent information, as necessary;</li><li>• provide secretariat services in respect of matters before the Committee;</li><li>• after meetings of the Committee, ensure that a report describing the activities of the Committee and explaining any recommendations or key findings is tabled at the next Council meeting;</li><li>• table other reports of the Committee at Council meetings when required by the Act and when requested by the Committee;</li><li>• ensure that accurate minutes of scheduled Committee meetings are taken, circulated to Committee members, Councillors and others as determined by the Committee in a timely fashion and once confirmed, stored securely in Council's electronic document record management system;</li><li>• coordinate the selection process for independent Committee members and together with the Mayor and Councillor member of the Committee, comprise the interview panel for these positions; and</li><li>• together with the Committee Chair, address any matters of concern arising in respect of a Committee member's performance or conduct.</li></ul>

Party / Parties	Roles and Responsibilities
<b>Chair</b>	<p>Conduct meetings efficiently to ensure all matters listed for consideration are afforded appropriate time and attention.</p> <p>Exercise a casting vote where:</p> <ul style="list-style-type: none"> <li>(a) consensus cannot be reached;</li> <li>(b) a formal vote is required to resolve the matter; and</li> <li>(c) voting numbers are equal.</li> </ul> <ul style="list-style-type: none"> <li>• Approve the unconfirmed minutes of each meeting for circulation to Committee members, Councillors and others as determined by the Committee.</li> <li>• Together with the Mayor and the Chief Executive Officer, participate in the selection process for independent Committee members.</li> <li>• Together with the Chief Executive Officer, address any matters of concern arising in respect of a Committee member's performance or conduct.</li> </ul>
<b>Committee Members</b>	<ul style="list-style-type: none"> <li>• Actively participate in and contribute to the work of the Committee as outlined in clause 4.6 Charter and Duties.</li> <li>• Participating in the annual performance survey and contribute actively to the evaluation of the performance of the Committee against the Committee Charter.</li> <li>• When completing self-assessment surveys and performance evaluations, members are encouraged to provide qualitative feedback to support continuous improvement and deeper understanding of Committee performance.</li> <li>• Make every effort to attend meetings of the Committee.</li> <li>• In accordance with section 130 of the Act (Disclosure of Conflict of Interest), make a full disclosure of all conflicts of interest prior to discussion of the matter for which the conflict of interest has arisen. Further, having declared such a conflict, Members must exit the online meeting and remain absent from the virtual platform, including any live stream or chat accessible to other participants, until the matter has been concluded.</li> <li>• As prescribed by section 123 of the Act, members must not misuse their position on the Committee to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or cause, or attempt to cause, detriment to Council or any person.</li> <li>• In accordance with section 125 of the Act (Confidential Information) members must not intentionally or recklessly disclose information that the person knows or should reasonably know to be confidential.</li> </ul>

Party / Parties	Roles and Responsibilities
<b>Internal Auditor</b>	<p>Under contract to Council, the internal auditor reports to the Committee on a quarterly basis on the outcomes of a range of audits of Council's operations including:</p> <ul style="list-style-type: none"> <li>• internal control systems, policies and procedures and their effectiveness;</li> <li>• compliance with Council policies and procedures and any relevant government legislation;</li> <li>• financial systems and processes;</li> <li>• areas of risk exposure and the way in which these are managed; and</li> <li>• special investigations or assignments as requested by the Committee.</li> <li>• The focus of audits undertaken will be documented in a three year internal Audit Plan. The plan will be formulated through a consultative process involving (as a minimum) the internal auditor, the Committee and management.</li> <li>• At least annually, an opportunity will be provided for the internal auditor to meet with the Committee without management being present, to discuss any issues arising from internal audits carried out during the year.</li> <li>• The role of the internal auditor is independent of and separate to that of the external auditor.</li> </ul>
<b>External Auditor</b>	<ul style="list-style-type: none"> <li>• As an agent of the Victorian Government Auditor-General, the external auditor forms an opinion on Council's financial report and performance statement and provides a copy of their Final Management Letter (audit report) to Council and the responsible Minister.</li> <li>• The external auditor reports to the Committee annually on the completed draft financial report and performance statements for that year. At this meeting the findings of the external audit are discussed with the external auditor, focusing on issues such as: <ul style="list-style-type: none"> <li>○ any major issues that arose during the audit;</li> <li>○ any accounting and audit judgements; and</li> <li>○ levels of errors identified during the audit.</li> </ul> </li> <li>• At least annually, an opportunity will be provided for the external auditor to meet with the Committee without management being present, to discuss their remit and any other relevant issues.</li> <li>• The Committee may request a meeting with the external auditor at any other time during the year, as/if required.</li> <li>• From time to time the external auditor may request and will be provided with copies of final reports prepared by the internal auditor.</li> </ul>
<b>Mayor</b>	<p>Together with the Committee Chair and the Chief Executive Officer, participate in the selection process for independent Committee members.</p>

Party / Parties	Roles and Responsibilities
<b>Officers in Attendance</b>	<ul style="list-style-type: none"> <li>General Manager and/or Manager responsible for corporate governance and risk and Manager responsible for finance will attend all meetings of the Committee where practicable and appropriate.</li> <li>Other members of Council's staff will attend Committee meetings from time to time to present a range of recurring and one-off reports and when requested to do so by the Committee Chair, provide advice and information.</li> </ul>

## 6. References and Supporting Documents

### 6.1 Applicable Legislation

*Local Government Act 2020*

*Local Government (Planning and Reporting) Regulations 2020*

### 6.2 Supporting Documents

Conflict of Interest - A Guide for Members of Council Committees, October 2020

Audit Committee Governance, August 2016 (Victorian Auditor-General's Office Report)

## 7. Privacy and Human Rights Consideration

All personal information collected by East Gippsland Shire Council relating to the work of the Audit and Risk Committee will be handled in accordance with all applicable privacy legislation and will be used only for investigating audit matters.

The Audit and Risk Committee Charter has been assessed as compliant with the obligations and objectives of the Victorian *Charter of Human Rights and Responsibilities Act 2006*.



## 8. Definitions

Term	Meaning
<b>Chief Executive Officer</b>	Person appointed by Council to the position of Chief Executive Officer.
<b>Committee Member</b>	Member of East Gippsland Shire Council Audit and Risk Committee.
<b>Conflict of Interest</b>	As defined in Part 6 Division 2 of the <i>Local Government Act 2020</i> (sections 126-131).
<b>Councillor</b>	Person who has been elected to the office of Councillor of East Gippsland Shire Council.
<b>Council officer</b>	A current member of East Gippsland Shire Council staff with the authority to engage in activities on behalf of Council.
<b>External Auditor</b>	Audit professional appointed by the Victorian Auditor-General who performs an audit in accordance with specific laws or rules on the financial statements of a company, government entity, other legal entity or organisation, and who is independent of the entity being audited.
<b>Internal Auditor</b>	A company (or its representative) charged with providing independent and objective evaluations of Council's financial and operational business activities, including its corporate governance.
<b>Mayor</b>	Councillor elected by Councillors to the role of Mayor.
<b>Officers in Attendance</b>	Council Officers attending Audit and Risk Committee meetings to provide information or respond to queries. Officers do not hold membership of the Committee.
<b>Overarching governance principles</b>	<p>Overarching governance principles outlined in section 9(2) of the <i>Local Government Act 2020</i> are:</p> <ul style="list-style-type: none"> <li>a) Council decisions are to be made and actions taken in accordance with the relevant law;</li> <li>b) priority is to be given to achieving the best outcomes for the municipal community, including future generations;</li> <li>c) the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risk, is to be promoted;</li> <li>d) the municipal community is to be engaged in strategic planning and strategic decision making;</li> <li>e) innovation and continuous improvement is to be pursued;</li> <li>f) collaboration with other Councils and Governments and statutory bodies is to be sought;</li> <li>g) the ongoing financial viability of the Council is to be ensured;</li> <li>h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;</li> <li>i) the transparency of Council decisions, actions and information is to be ensured.</li> </ul> <p>Section 9(3) requires in giving effect to the overarching governance principles Councils must take into account the following supporting principles:</p> <ul style="list-style-type: none"> <li>a) the community engagement principles;</li> <li>b) the public transparency principles;</li> </ul>



Term	Meaning
	c) the strategic planning principles; d) the financial management principles; the service performance principles.
<b>Responsible Officer</b>	An officer of East Gippsland Shire Council who has responsibility for the general area/subject matter to which a record pertains.
<b>Risk Management</b>	The culture, process and structures that are directed towards realising potential opportunities while managing adverse effects. (AS/NZS ISO 31000:2018).
<b>Shire</b>	The geographic area of East Gippsland Shire Council.
<b>Sitting Fees</b>	Sitting Fees are payments authorised under section 53(6) of the <i>Local Government Act 2020</i> for Independent Members of the Audit and Risk Committee who are not Councillors, acknowledging their attendance, participation and professional contribution to the Committee. Council last considered and set the applicable sitting fee amounts at its Meeting held on 16 December 2025.
<b>Staff</b>	All staff engaged by East Gippsland Shire Council, including all full-time, part-time and casual employees, labour hire agency staff.

## 9. Review and Revision History

Version Control	Approved Amended Rescinded	Date Effective	Approved By	Summary of Changes
1	Approved	12/11/2003	Council	New Charter
2	Approved	02/11/2007	Management	Periodic Review
3	Approved	03/2011	Council	Periodic Review
4	Approved	07/2011	Council	Periodic Review
5	Approved	07/2013	Council	Periodic Review
6	Approved	05/05/2015	Council	Periodic Review
7	Approved	10/05/2016	Council	Periodic Review
8	Approved	05/06/2018	Council	Periodic Review
9	Approved	18/02/2020	Council	Converted to new template. Inclusion of provisions for election of Chair, maximum terms for Chair and independent members; recognition of specific obligations proposed by Local Government Bill 2018 Exposure Draft; administrative updates for clarity and readability.

### Audit and Risk Committee Charter

Date Approved: 16 December 2025

Document Owner: Manager Governance and Regulatory Services

Version number: 13

Next review date: by October 2029

Version Control	Approved Amended Rescinded	Date Effective	Approved By	Summary of Changes
10	Approved	25/08/2020	Council	Updated to reflect the requirements of the <i>Local Government Act 2020</i> . Under the Act the Charter has to be adopted by Council prior to 1 September 2020. Included a change to two consecutive terms as a member.
11	Approved	16/08/2022	Council	Updated to reflect feedback received by the Audit and Risk Committee members as part of the review of the Charter.
12	Approved	16/04/2025	Council	2025 Committee Review undertaken. Recommendation to remove section 1.4(b).
13	Approved	16/12/2025	Council	Updated to reflect feedback received by the Audit and Risk Committee members as part of the review of the Charter. Included a change to the committee and recruitment panel composition and sitting fees.

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**Audit and Risk Committee Charter**

Date Approved: 16 December 2025

Document Owner: Manager Governance and Regulatory Services

Version number: 13

Next review date: by October 2029