



# Audit and Risk Committee Charter

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## 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 (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 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.

## Scope

This policy applies to all Audit and Risk Committee members, Councillors who are members of the Committee, the Internal and External auditors and relevant Council officers as defined in Roles and Responsibilities section.

## Policy Context

The Committee has been established pursuant to section 53 of the *Local Government Act 2020* (the Act). 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<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 Audit and Risk Committee 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).

## Policy Statement

### 1.1 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 Audit and Risk Committee is not a delegated committee as per the provisions under section 53(2) of the Act.

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

The East Gippsland Shire 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, 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;
- meet with Council Officers, internal and external auditors and other parties as required to discharge its responsibilities.

## 1.2 Objectives

The Audit and Risk 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
- internal and external audit.

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

## 1.3 Membership

- (a) The Committee will comprise seven members: four independent members - one of whom will be Chair<sup>2</sup>; the Mayor of the day; and two other councillors appointed 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 East Gippsland Shire Council's staff.<sup>3</sup>
- (b) Independent external members will be sought by way of public advertisement seeking expressions of interest.

Appointment of external independent members will be by Council resolution following receipt of a recommendation from a panel comprising the Audit and Risk Committee Chair (Or Committee member), the Mayor (or Committee Councillor) and the Chief Executive Officer (or delegate).

The Panel will evaluate candidates on the basis of their expertise and experience and likely 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.

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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*

Having regard to Council's Workforce Plan 2021-2025 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 Audit and Risk Committee Chair, Mayor, and Chief Executive Officer to discuss the functions of the Committee including coverage of the Charter, Council Governance Rules, the Committee's annual work plan and Annual Performance Review.

- (c) Terms for independent members will be a maximum of three years; however, members may re-apply at the end of their term and may be re-appointed for further terms up to a maximum of two (2), three-year terms (i.e. no more than six years in total). 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.
- (d) Terms of appointment will be arranged to ensure an orderly rotation and continuity of membership and will be made despite changes to Council's elected representatives.
- (e) The Act under section 53(3)(b) specifies that independent Committee members have, collectively, expertise in financial management and risk and experience in public sector management.

Further, the Committee should, collectively, possess sufficient knowledge and strategic skills in the areas of:

- Audit
- Governance
- Control
- Compliance

It is preferable that at least one of the independent members should be 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 four external independent members of the Audit and Risk 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 four external 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 the 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, the Council may extend one sitting 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 a member's appointment. The recommendation must be accompanied by specific rationale that may include that the 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, Governance Rules 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 a Committee member prior to the expiry of their term, the following steps must occur:

- consultation with the Chair of the Committee;
- the Committee member will be provided with written notice; and
- the 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 a Committee member is to proceed.

## 1.4 Chair

- (a) The Chair of the Committee must be an independent member (section 53(4) of the Act). The Chair is appointed annually at the Committee's February meeting. At that meeting the Chief Executive Officer will open the meeting, assume the Chair and ask for nominations from among the four independent members. If there is only one nomination, that member will be declared elected. If there is more than one nomination the Chief Executive Officer will ask for a show of hands, with a simple majority of members present determining the result. The member newly elected as Chair will assume the Chair immediately.

- (b) An independent member may be appointed to serve as Chair:
  - for no more than four, 12-month terms; and/or
  - for no more than two consecutive 12-month terms in a three-year period.
- (c) In the absence of the Chair, the Committee will elect another independent member in attendance as Acting Chair.

## 1.5 Principles

### 1.5.1 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 correct the course of action

Accountability – We are responsible for our actions and outcomes

### 1.5.2 Members of the Audit and Risk Committee will:

1. Strive to attend all meetings, sending apologies to the Chair for necessary absences;
2. Prepare for the meeting by reading the agenda, papers and any emails before the meeting;
3. Talk to the Chair before the meeting if you need to clarify anything;
4. Arrive on time. Stay to the end;
5. Participate fully in the meeting;
6. Listen to what others have to say and keep an open mind;
7. Contribute positively to the discussions;
8. Try to be concise and avoid long drawn-out explanations;
9. Help others concentrate on the meeting. Discourage side conversations;
10. Have the best interests of the organisation/beneficiaries in mind at all times;
11. Draw attention to any potential conflicts of interest that may arise in the meeting;
12. Fulfil any responsibilities assigned to you at the meeting and be prepared to report back on your progress at the next meeting;
13. Treat all Committee Members and Council officers with respect and courtesy at all times;
14. Not interrupt or speak over another person speaking;
15. Direct all questions through the Chair;
16. Direct any requests for Council officers to provide information or perform an action through the Chair to the CEO;
17. Not criticise, chastise or insult an officer or the Council during the meeting; and
18. Provide constructive feedback which will not offend, imply incompetence of an officer or humiliate an officer attending the meeting.

### 1.5.3 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 the decision-making process in relation to the matter, including any discussion or vote on the matter, and any action in relation to the matter.<sup>4</sup>

### 1.5.4 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
- Participating in a decision on a matter in which the Committee member has a conflict of interest.

### 1.5.5 Confidentiality

Confidential information is defined in section 3 of the Act.

Committee members must comply with the requirements of sections 53 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 Confidentially Agreement upon commencement of their initial term.

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



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

### 1.5.6 Governance Rules

Committee members must be familiar with and comply with the provisions of Council's Governance Rules in their conduct at Committee meetings and all other meetings that Committee members may attend from time to time.

## 1.6 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 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 the 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 Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs at least every two years, 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.

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

- (e) Review Council's reporting against the Local Government Performance Reporting Framework. The Audit and Risk Committee is responsible to:
- receive and consider performance reports;
  - annually review 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;
  - review the internal control framework and level of assurance received around the accuracy and completeness of the information reported; and
  - provide 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) In consultation with the internal auditor and management:
- through a process of mapping against Council's risk registers, prepare a draft three to five-year Internal Audit Plan for consideration by Council;
  - annually review the delivery of the Internal Audit Plan and if required, make a recommendation to Council on any amendments; and
  - review internal audit reports and monitor progress on actions required to achieve rectification of any identified issues.
- (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.

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<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.

- (j) Conduct annually, an evaluation of the performance of the Audit and Risk Committee against the Audit and Risk Committee Charter<sup>7</sup> and provide an assessment to the Chief Executive Officer for tabling at the next Council meeting.<sup>8</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.
- (l) Review quarterly, a management report detailing the expenses and reimbursement of out-of-pocket expenses of Councillors and members of delegated committees<sup>9</sup> and if appropriate, make recommendations for Council's consideration.
- (m) Review and assess the adequacy of the Audit and Risk Committee Charter and if appropriate, present recommendations to Council for amendment. As a minimum, this review to occur once every four years, within 12-months after a general municipal election or otherwise is required.
- (n) 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.

## 1.7 Meetings

- (a) The Council's Governance Rules will apply to the conduct of meetings unless alternate procedures are stipulated in this Charter.
- (b) The Committee will hold an ordinary committee meeting once each quarter.
- (c) A joint meeting with East Gippsland Shire Councillors will be held in September 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.
- (d) 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.
- (e) A quorum will exist if four or more Committee members are present and the number of external independent members present is equal to or greater than the number of internal Councillor members present.

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

<sup>8</sup> Section 54(4)(b) of the *Local Government Act 2020*

<sup>9</sup> Section 40(2) of the *Local Government Act 2020*

- (f) 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.
- (g) Councillors who are not members of the Committee may attend meetings of the Committee as observers. Through the Chair, non-member Councillors may ask questions in relation to matters listed on the agenda but may not participate in discussion.
- (h) The external auditor, internal auditor, General Manager Business Excellence and Chief Executive Officer will, when practicable and appropriate, 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.
- (i) As the Audit and Risk Committee is an advisory committee of Council meetings are not open to the public.

### **1.8 Internal Control and Internal Audit**

Where appropriate, the Audit and Risk 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.

### **1.9 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.

## Roles and Responsibilities

Roles and responsibilities with respect to Committee 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 policy implementation and compliance. Ensure compliance with the Charter by all Audit and Risk Committee members.</p> <p>While not a member of the Committee, when practicable and appropriate will 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 scheduled Committee meetings and circulated to 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 meetings of the Council 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 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 external Committee members and together with the Committee Chair and the Mayor, 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> |
| <b>General Manager Business Excellence</b> | Responsible for review, updating and implementing the Charter.   |
| <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> <p>(a) consensus cannot be reached;</p> <p>(b) a formal vote is required to resolve the matter; and</p> <p>(c) voting numbers are equal.</p> <p>Approve the unconfirmed minutes of each meeting for circulation to Committee members, Councillors and others as determined by the Committee.</p> <p>Together with the Mayor and the CEO, participate in the selection process for independent external Committee members.</p> <p>Together with the Chief Executive Officer, address any matters of concern arising in respect of a Committee member's performance or conduct.</p>  |
| <b>Committee Members</b>                   | <p>Actively participate in and contribute to the work of the Committee as outlined in clause 1.5.</p> <p>Complete a self-assessment survey and contribute actively to the</p>  |

| Party / Parties:        | Roles and responsibilities:  |
|-------------------------|--|
|                         | <p>annual evaluation of the performance of the Audit and Risk Committee against the Committee Charter.</p> <p>Make every effort to attend scheduled meetings of the Committee.</p> <p>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, leave the room and remain outside the room and any gallery or other area in view or hearing of the room until the matter has been concluded.</p> <p>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.</p> <p>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.</p>  |
| <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> </ul> <p>The focus of audits undertaken will be documented in a three to five-year internal Audit Plan adopted by Council. The plan will be formulated through a consultative process involving (as a minimum) the internal auditor, the Committee and management.</p> <p>The internal auditor will meet with the Committee at least once a year without management being present, to discuss any issues arising from internal audits carried out during the year. Unless determined otherwise by the Committee, this will occur at the meeting at which the Committee reviews the Internal Audit Plan for the coming year (April). The role of the internal auditor is independent of and separate to that of the external auditor.</p> |
| <b>External Auditor</b> | <p>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.</p> <p>The external auditor reports to a joint meeting of Council and Audit and Risk 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:</p> <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> <p>At least annually, an opportunity will be provided for the external auditor to meet with the Committee without management being</p>   |

| Party / Parties:              | Roles and responsibilities:   |
|-------------------------------|---|
|                               | <p>present, to discuss their remit and any other relevant issues. The Committee may request a meeting with the external auditor at any other time during the year, as/if required. From time to time the external auditor may request and will be provided with copies of final reports prepared by the internal auditor.</p>   |
| <b>Mayor</b>                  | <p>Together with the Committee Chair and the Chief Executive Officer, participate in the selection process for independent external Committee members.</p>  |
| <b>Officers in Attendance</b> | <p>General Manager and/or Manager responsible for corporate governance, Manager responsible for finance and Manager responsible for risk will attend all meetings of the Committee where practicable and appropriate. 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.</p> |

## References and Supporting Documents

### Applicable Legislation:

*Local Government Act 2020*

*Local Government Amendment (Performance and Reporting Accountability) Act 2014* and *Local Government (Planning and Reporting) Regulations 2014* – prescribes financial and non-financial reporting required of Local Government.

### 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)

## 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*.



## 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> <ol style="list-style-type: none"> <li>Council decisions are to be made and actions taken in accordance with the relevant law;</li> <li>priority is to be given to achieving the best outcomes for the municipal community, including future generations;</li> <li>the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risk, is to be promoted;</li> <li>the municipal community is to be engaged in strategic planning and strategic decision making;</li> <li>innovation and continuous improvement is to be pursued;</li> <li>collaboration with other Councils and Governments and statutory bodies is to be sought;</li> <li>the ongoing financial viability of the Council is to be ensured;</li> <li>regional, state and national plans and policies are to be taken into account in strategic planning and decision making;</li> <li>the transparency of Council decisions, actions and information is to be ensured.</li> </ol> <p>Section 9(3) requires in giving effect to the overarching governance principles Councils must take into account the following supporting principles:</p> <ol style="list-style-type: none"> <li>the community engagement principles;</li> <li>the public transparency principles;</li> <li>the strategic planning principles;</li> <li>the financial management principles;</li> <li>the service performance principles.</li> </ol> |



| Term:                      | Meaning:  |
|----------------------------|---|
| <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.                       |
| Risk Management            | The culture, process and structures that are directed towards realising potential opportunities while managing adverse effects. (AS/NZS ISO 31000:2018) |
| Shire                      | The geographic area of East Gippsland Shire Council.  |
| <b>Staff</b>               | All staff engaged by East Gippsland Shire Council, including all full-time, part-time and casual employees, labour hire agency staff.                   |

## Revision History and Review

| Version Control | Approved Amended Rescinded | Date Effective | Approved By   | ECM Document Reference | Summary of Changes  |
|-----------------|----------------------------|----------------|---|------------------------|---|
| 1               | Approved                   | 12/11/2003     | Council   |                        |   |
| 2               | Approved                   | 02/11/2007     | Management  |                        |   |
| 3               | Approved                   | 03/2011        | Audit Committee, Council                                |                        |   |
| 4               | Approved                   | 07/2011        | Audit Committee, Council                                |                        |   |
| 5               | Approved                   | 07/2013        | Audit Committee, Council                                | 5523080                |   |
| 6               | Approved                   | 05/05/2015     | Council (endorsed by Audit Committee 28/04/15)          | 6288081                |   |
| 7               | Approved                   | 10/05/2016     | Council (endorsed by Audit Committee 26/04/16)          | 6752661                |   |
| 8               | Approved                   | 05/06/2018     | Council and Audit and Risk Committee                    | 7648150                |   |
| 9               | Approved                   | 18/02/2020     | Council<br>(endorsed Audit and Risk Committee 22/10/19) | 8404863                | 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. |
| 10              | Approved                   | 25/08/2020     | Council   | 8618745                | 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<br>(endorsed Audit and Risk Committee 25/07/22) | 9613854                | Updated to reflect feedback received by the Audit and Risk Committee members as part of the review of the Charter.  |