

Strathbogie Shire Council

Agenda: Urgent Business

September 2022

Urgent Business

Council Meeting

Tuesday, September 20, 2022, at 6pm

Meeting to be held virtually and livestreamed on Council's website:

<https://www.strathbogje.vic.gov.au/council/our-council/council-meetings-and-minutes/>

Council:

Cr Laura Binks (Mt Wombat Ward) – Mayor
Cr Paul Murray (Hughes Creek Ward) – Deputy Mayor
Cr David Andrews (Lake Nagambie Ward)
Cr Reg Dickinson (Lake Nagambie Ward)
Cr Sally Hayes-Burke (Seven Creeks Ward)
Cr Chris Raeburn (Honeysuckle Creek Ward)

Officers:

Julie Salomon – Chief Executive Officer
Dawn Bray – Director People and Governance
Vlad Adamek – Director Sustainable Infrastructure
Kristin Favaloro – Executive Manager Communications and Engagement
Braydon Aitken – Acting Director, Community and Planning

Reports Index

12.	URGENT BUSINESS	
12.1	Strathbogie Shire Council Audit and Risk Committee – Appointment of Additional Councillor Member	1

12. URGENT BUSINESS

12.1 Strathbogie Shire Council Audit and Risk Committee – Appointment of Additional Councillor Member

Responsible Director: Chief Executive Officer

EXECUTIVE SUMMARY

In accordance with Section 53 of the *Local Government Act 2020*, Strathbogie Shire Council has an Audit and Risk Committee (the Committee) which acts as an independent advisory board to Council.

The Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.

The current membership of the Audit and Risk Committee comprises:

Independent Members:

- Mr Paul Ayton (Chair)
- Mr Mark Freudenstein
- Mr Alister Purbrick
- Mr Alistair Thompson

Councillor Members

- Cr Dave Andrews
- Cr Paul Murray

At its meeting on Friday 16 September 2022, the Audit and Risk Committee considered a range of matters including the Financial Statements and Performance Statements required in accordance with the *Local Government Act 2020*.

However, due to a lack of quorum, the Committee was unable to move and second recommendations to Council. This is because the Audit and Risk Committee Charter states that a quorum consists of a minimum of two (2) independent members and one (1) Councillor member.

To enable Council to meet its statutory obligations and timelines in relation to the preparation of financial and performance reports, along with the Annual Report, an extraordinary Audit and Risk Committee meeting was held on Monday 19 September 2022 to enable recommendations to be made to Council prior to the consideration of items 9.4.3 and 9.4.4 on this Council agenda.

The Chair of the Audit and Risk Committee has requested that officers take immediate action to minimise the risk of a failure to achieve a quorum into the future. As such, this recommendation seeks to appoint the Mayor, Cr Laura Binks to act as a substitute representative for any Councillor who as part of the Audit & Risk Committee is unable to attend until the Annual Statutory Meeting is held in November 2022.

12.1 Strathbogie Shire Council Audit and Risk Committee – Appointment of Additional Councillor Member (cont.)

RECOMMENDATION

That Council appoint the Mayor, Councillor Laura Binks as a substitute member of the Audit and Risk Committee to act as a substitute representative for any Councillor who has been appointed to sit on the Audit & Risk Committee and is unable to attend, until the Annual Statutory Meeting is held in November 2022.

PURPOSE AND BACKGROUND

This report seeks Council endorsement to appoint the Mayor, Councillor Laura Binks as a substitute member of the Audit and Risk Committee to act as an alternate to any Councillor who as part of the Audit & Risk Committee is unable to attend. This will ensure that the Audit and Risk Committee will reach quorum at all meetings.

Cr Binks has been attending recent meetings as an observer.

ISSUES, OPTIONS AND DISCUSSION

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that Priority is to be given to achieving the best outcomes for the municipal community, including future generations.

Strathbogie Shire Council has established an Audit & Risk Committee (the Committee) pursuant to Section 53 of the Local Government Act 2020 (the Act) to support the Council in discharging its oversight responsibilities related, by in large to:

- Enhance the credibility and objectivity of financial, performance and management reporting
- The effective management of Council's strategic risks, including Business Continuity and Recovery
- The protection and control of Council assets
- Monitoring and review of the standard of the internal control environment
- The effectiveness of assurance activities including internal and external audit
- Council's governance practices, including compliance with its policies and legislative and regulatory requirements as well as the use of best practice guidelines.

The Audit & Risk Committee is an independent advisory committee to Council to provide appropriate independent advice and recommendations to Council on matters relevant to the Committee's Charter in order to facilitate decision-making by Council in relation to the discharge of Council's accountability requirements.

The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility.

12.1 Strathbogie Shire Council Audit and Risk Committee – Appointment of Additional Councillor Member (cont.)

The Committee has no executive authority and no delegated responsibilities and is therefore independent of management.

Section 53 of the Local Government Act 2020 also states that the Audit and Risk Committee must:

- Consist of a majority of members who are not Councillors of Council and who collectively have expertise in financial management, risk and public sector management,
- Include members who are Councillors of the Council, and
- Not include any person who is a member of the Council staff of the Council.

In response to discussions with the Chair and measures that can be taken to ensure a quorum of representatives is able to be achieved, it is proposed that nominating a third Councillor representative to act as a substitute for the nominated two Councillors is a proportionate risk mitigation measure.

COMMUNITY ENGAGEMENT

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that the municipal community is to be engaged in strategic planning and strategic decision making.

The appointment of an additional Councillor to this committee does not require consultation.

POLICY CONSIDERATIONS

Council Plans and Policies

The appointment of a substitute Councillor member to Council's Audit and Risk Committee supports the implementation of *Strategic Focus Area 6: Accountable. Transparent. Responsible.*

The *Strategic Focus Area* detailed in the 2021-25 Council Plan aims to achieve the highest level of good governance, accountability and financial management across the organisation and as an elected Council.

Regional, State and National Plans and Policies

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that regional, state and national plans and policies are to be taken into account in strategic planning and decision-making.

The appointment of a substitute Councillor member to Council's Audit and Risk Committee remains consistent with the approach taken to independent oversight at State and Federal levels of government.

LEGAL CONSIDERATIONS

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that Council decisions are to be made and actions taken in accordance with the relevant law.

12.1 Strathbogie Shire Council Audit and Risk Committee – Appointment of Additional Councillor Member (cont.)

An Audit and Risk Committee must be appointed by all councils under section 53 of the Local Government Act 2020 (the Act). A Charter, adopted by Council on 14 December 2021, outlines the Committee's membership, roles and responsibilities as defined by the Act.

Conflict of Interest Declaration

All officers, and/or contractors, involved in the preparation of this report have signed a written declaration that they do not have a conflict of interest in the subject matter of this report.

Transparency

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

This report also achieves optimal public transparency and accountability around the appointment process by reporting publicly on the appointment of an additional Councillor to this committee.

Due to the nature of the work of the Audit and Risk Committee and the potential sensitivity of the material being considered, the meetings of the Audit and Risk Committee are closed to the public.

FINANCIAL VIABILITY CONSIDERATIONS

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the ongoing financial viability of the Council is to be ensured.

There are no financial implications of note arising from this report.

SUSTAINABILITY CONSIDERATIONS

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.

While there are no social, economic, environmental or climate change impacts of note arising from the appointment of a substitute member to the Audit and Risk Committee, it should be noted that the Committee is required to monitor compliance with legislation and Council policies.

The Committee does, therefore, have an indirect role in terms of oversight that sustainability considerations are being implemented in day to day decision makings and that the risks around climate change form part of our strategic risk register and overall risk management strategies.

12.1 Strathbogie Shire Council Audit and Risk Committee – Appointment of Additional Councillor Member (cont.)

INNOVATION AND CONTINUOUS IMPROVEMENT

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is the pursuit of innovation and continuous improvement.

The role of the Audit and Risk Committee is to receive internal and external independent audit reports, which frequently highlight areas for innovation and improvement in Council operations.

The Committee monitor the organisation's response to audit recommendations and therefore have an oversight role in ensuring operations continually improve.

COLLABORATION

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that collaboration with other councils, levels of government and statutory bodies is to be sought.

The Audit and Risk Committee is a collaborative body that works with Council's independent auditors, the Victorian Auditor General's Office (VAGO) and other external bodies as required.

HUMAN RIGHTS CONSIDERATIONS

It is considered that there are no impacts arising out of this report in terms of the rights and responsibilities set out under the Charter of Human Rights and Responsibilities Act 2006 aside from the Committee having a role in ensuring all legislation and Council policy in relation to rights, equal opportunity and the like are adhered to.

CONCLUSION

The Audit and Risk Committee has an important role in assisting Strathbogie Shire Council to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions with the overarching governance principles set out in the *Local Government Act 2020*, its regulations and relevant Ministerial directions.

The appointment of a third substitute Councillor will help mitigate the risk of failing to achieve a quorum in the future.