3.2   AUDIT AND RISK COMMITTEE MEMBERSHIP – REAPPOINTMENT OF CHAIR AND INDEPENDENT MEMBER AND RECRUITMENT OF SECOND INDEPENDENT MEMBER

(D22-307438)

Responsible Senior Officer: Danny Wain, Chief Financial Officer

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RECOMMENDATION

That the Council:

1. *Having noted that the first terms of independent Audit and Risk Committee chair, Mr Andrew Dix, and independent member, Mr John Watson, will expire in June 2023, and given their interest to continue in their respective positions, resolves to reappoint Mr Andrew Dix as Chair and Mr John Watson as an independent member of Council's Audit and Risk Committee for a 3 year period ending 30 June 2026;*

2. *Having noted that the second and final term of independent member Council's Audit and Risk Committee, Ms Katie Baldwin, will conclude in June 2023 resolves to commence the recruitment and selection process for appointment of an independent member;*

3. *Resolves that a public expression of interest process be undertaken to appoint the new independent member with the selection panel to comprise the current Chairperson, Mr Andrew Dix, and the two Councillor members (representatives of the Audit and Risk Committee as nominated during the annual process to decide on Council representatives on organisations and committees); and*

4. *Receives a further report in 2023 from the selection panel regarding a recommendation for appointment of an independent member to the Committee.*

INTRODUCTION

The Committee is made up of three independent members and two Councillors. There is an Audit and Risk Committee Charter that provides scope to the Committee. This includes the governance arrangement including terms of appointment of members.

Based on the Charter, Council must recruit one of the independent member's roles. Council may also elect to recruit the Chair and the other independent member.

BACKGROUND

Council has constituted an Audit and Risk Committee to facilitate:

- The enhancement of the credibility and objectivity of internal and external financial reporting.
- Effective management of financial and other risks and the protection of Council assets.
- The effectiveness of the internal audit function.
- The provision of an effective means of communication between the external auditor, internal audit, management and the Council.

Mr Andrew Dix is currently the independent Chairperson of the Committee. He will complete his first three year tenure at the end of June 2023. Mr Dix is eligible to apply to be reappointed at the discretion of the Council for a second three-year term. The Audit and Risk Committee Charter allows an independent member of the Committee to serve two consecutive three-year terms. Mr Dix has expressed an interest in continuing on as Chairperson of the Committee.

Mr John Watson is currently an independent member of the Committee and is due to complete his first three-year tenure at the end of June 2023. Mr Watson is eligible to apply to be reappointed at the discretion of the Council for a second three-year term. The Audit and Risk Committee Charter allows an independent member of the Committee to serve two consecutive three-year terms. Mr Watson has expressed an interest in continuing on as an independent member of the Committee.

Ms Katie Baldwin is currently an independent member of the Committee and will conclude her second 3 year term on 30 June 2023. Under Clause 4.10 of Council's Audit and Risk Committee Charter, which states: *"A person can only serve in the positions of independent member or Chairperson for a maximum of six consecutive years"*, Ms Baldwin is ineligible to reapply for a further term on the Committee.

DISCUSSION

In accordance with section 4.6 of the Audit and Risk Committee Charter, the selection panel for the appointment of independent member(s) comprise of the current Chair and two Councillor representatives, who will make a recommendation to the Council on a suitable candidate.

Councillor Audit and Risk Committee members will be appointed during the annual process to appoint Councillors to various organisations and committees. As such, the Councillor members on the selection panel will be formally determined by Council at this time.

The selection panel would then be able to recommend to Council in early 2023 an applicant to fill the independent member vacancy.

POLICY IMPLICATIONS

The recruitment and selection of the Audit and Risk Committee members are governed under Section 4 of Council's [Audit and Risk Committee Charter](#).

SOCIAL IMPLICATIONS

None noted.

HUMAN RIGHTS CONSIDERATIONS

None noted.

GENDER EQUITY ASSESSMENT

The Audit and Risk Committee Charter is silent on gender equity matters. Independent members of the Audit and Risk Committee is currently made up of two males and one female with the female member completing her term. The *Gender Equality Act 2020* aims to improve workplace gender equality across the Victorian public sector, universities and local councils. As part of the Act, councils need to promote gender equality and take action towards achieving it. In the interests of ensuring a gender balance on the Committee, Council will be encouraging women and gender diverse people to apply. Consideration of gender equality should be considered as part of Council's next review of the Charter, due for revision in September 2023.

CONCLUSION

The Council, having noted that the first terms of independent Audit and Risk Committee Chairperson, Mr Andrew Dix and independent member, Mr John Watson will conclude in June 2023 resolves to:

a) reappoint Mr Andrew Dix as independent Chairperson and reappoint Mr John Watson as an independent member of Council's Audit and Risk Committee for a 3 year period ending 30 June 2026, in accordance with Clause 4.9 of the Audit and Risk Committee Charter;

b) commence the recruitment and selection process for appointment of an independent member to the Committee; and

c) nominate the current Chairperson, Mr Andrew Dix, to the selection panel along with two Councillors to be decided during annual process to decide on Council representatives on organisations and committees.