

9.3 AUDIT AND RISK COMMITTEE APPOINTMENTS - INDEPENDENT MEMBER AND CHAIR

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Attachments: Nil

1. EXECUTIVE SUMMARY

1.1 Council's Audit and Risk Committee (the Committee) consists of three Independent Members. Each year the term of one of the Independent Members ends. This year Mr. Michael Ulbrick's third and final term has come to an end. A recruitment process has been undertaken and the appointment of Ms. Marilyn Kearney as an independent member of the Committee is recommended. This report also recommends the appointment of Mr Bruce Potgieter to the role of Chair from November 2020 to October 2021.

RECOMMENDATION

THAT Council:

1. Appoint Ms. Marilyn Kearney to the Mitchell Shire Council Audit and Risk Committee for a three-year term, concluding October 2023.
2. Appoint Mr. Bruce Potgieter to the role of Chair, Independent Audit and Risk Committee, for the year 2020-2021 year ending October 2021.
3. Acknowledge Mr. Michael Ulbrick for his service.

2. BACKGROUND

2.1 Council has established an independent Audit & Risk Committee (Committee) pursuant to section 53 of the *Local Government Act 2020* (the Act), which supports Council in discharging its oversight responsibilities related to financial reporting, risk management, maintenance of sound systems of internal control, assurance activities including internal and external audit and Council's performance with regard to legislative and regulatory compliance and its Codes of Conduct. It acts in this capacity by monitoring, reviewing and advising on issues within its scope of responsibility.

2.2 The Committee has no executive authority and no delegated financial responsibilities and is therefore independent of management. The Committee is directly responsible to Council for discharging its responsibilities as set out in the Audit and Risk Committee Charter.

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- 2.3 The *Local Government Act 2020* requires independent members to have expertise in financial management and risk and expertise in public sector management.
- 2.4 The Charter requires that independent member appointments are scheduled to facilitate continuity of the Committee. The Charter allows up to two members' terms concluding concurrently however it has been Council's practice to have no more than one Independent Member ceasing within any one year.
- 2.5 Independent members may be appointed for up to a three-year term and, subject to a review of performance and independence and Council approval, a maximum of three consecutive terms.
- 2.6 There are two appointments that need to be made by Council at this time in accordance with the Committee Charter. One being the appointment of the Committee Chairman, which is done on an annual basis. The other is the appointment of an Independent Committee member in line with the staggered appointment arrangements.

3. POLICY AND LEGISLATIVE IMPLICATIONS

- 3.1 These appointments are made in accordance with the *Local Government Act 2020* and Council's Audit and Risk Committee Charter.

4. CHARTER OF HUMAN RIGHTS IMPLICATIONS

- 4.1 The rights protected in the *Charter of Human Rights and Responsibilities Act 2006* were considered in preparing this report and it's determined that the subject matter does not raise any human rights issues.

5. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 5.1 There are no Children and Young People implications as a result of these appointments.

6. ISSUES AND DISCUSSION**6.1 Appointment of Independent Member**

- 6.1.1 Mr. Michael Ulbrick's third and final term concludes following the September 2020 Committee meeting. A recruitment process has been undertaken to fill the vacant position on the Committee. A total of seven applications were received and the qualifications and experience of the applicants was generally of a high calibre. Following a selection process, in which three outstanding applicants were interviewed, the recommended candidate to fill the vacant position on the Committee is Ms. Marilyn Kearney.
- 6.1.2 Ms. Marilyn Kearney is currently an independent member of the Maribyrnong City Council Audit Committee and has held advisory

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roles with School of Management at Monash University, LGPro and Women's Housing Ltd. Marilyn holds qualifications in Local Government Law and Public Policy and Management. She is a member of the Australian Institute of Company Directors, Planning Institute Australia, Institute Public Policy Australia and LGPro. Marilyn's executive career spans over 25 years in both state and local government. Her responsibilities during her 20 plus years in local government, included the full suite of traditional corporate services including finance, internal and external audit and risk management and legal services. Her role in the state government (Victoria Police) entailed a broader corporate services function including strategic procurement, business planning and development of Key Performance Indicators.

- 6.1.3 Marilyn's executive committee Chair and Membership includes the Project Control Group for the Boroondara Digital Transformation project - technology and digital procurement planning and delivery; Business Enterprise Risk & Fraud Control Group; Executive member of the Councillor chaired - Boroondara Customer First Steering Committee and Audit Committee. Throughout her career Marilyn has led and participated in many external taskforce and committee roles, including CCT legislation reform and review with LGV, current review and implementation of the LG Act 2020 industry consultative group and as speaker at conferences.
- 6.1.4 The Committee is currently strongly represented in areas of finance at this time and it is considered that, whilst Marilyn Kearney has expertise in financial management and risk, the Committee would benefit from her broader public sector management experience and areas of expertise.

6.2 Appointment of Chair

- 6.2.1 The Audit Committee Charter provides for Council to annually appoint an Independent Member as the Chair of the Audit Committee. Mr. Michael Ulbrick has been the Chair of the Independent Audit and Risk Committee since February 2011 and his term will end following the September 2020 Committee meeting. It is recommended that Mr. Bruce Potgieter, who is currently serving his third term as an independent member be appointed as Chairman for the next 12 months.
- 6.2.2 Bruce Potgieter has well over 20 years' involvement with local government as an auditor and consultant and is currently an independent member of four Audit Committees including Mitchell. He has substantial audit committee experience having served in the capacity of both a member and committee Chair. He was Chair of the Moonee Valley City Council Audit Committee until the conclusion of his second term in September 2018.

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6.2.3 Bruce has been a strong contributor to Mitchell's Audit and Risk Committee during the period that he has served. As was reported when Council appointed Bruce for a third term in 2019, he has the capacity and capability to be considered for the role of Chair of the Audit and Risk Committee. Bruce has indicated his desire and willingness to undertake this role.

7 SUSTAINABILITY IMPLICATIONS (SOCIAL AND ENVIRONMENTAL)

7.1 There are no sustainability implications as a result of these appointments.

8 RISK IMPLICATIONS

Risk Ranking is determined using [ROHS201-G1- Corporate Risk Matrix](#). Risk is identified as Low, Medium, High or Very High.

Risk	Risk Ranking	Proposed Treatments	Within Existing Resources?
The appointment of an independent member of the Committee who does not hold appropriate qualifications and experience.	Low	Seek applications from appropriately qualified and experienced applicants	Yes
Failure to appoint an independent member or a Chair would be in breach of Council's Audit and Risk Committee Charter and the Local Government Act 2020	Low	Seek applications from appropriately qualified and experienced applicants	Yes

9 COMMUNICATION PLAN

9.1 A communication plan is not required in respect to the matters contained in this report.

10 NEXT STEPS

10.1 Following Council's decision regarding these appointments the nominated successful applicants will be notified and will assume their roles from the November 2020 Committee meeting.

11 CONSULTATION

11.1 Appropriate internal consultation has taken place in the preparation of this report.

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12 FINANCIAL, RESOURCE AND ASSET MANAGEMENT IMPLICATIONS

12.1 The Audit Committee plays a key role in advising Council on sound systems of financial and risk management and good governance. Council pays each independent member a fee of \$1,250.00 (ex GST) per meeting attendance to a minimum of \$5,000.00 (ex GST) per year based on attending four meetings per year. Should an independent member be appointed the Chairperson of the Audit Committee, an additional amount of \$1,000.00 (ex GST) is paid. These fees are included within the approved Council Budget and are consistent with industry norms for a Council of Mitchell's size.

13 OFFICER DECLARATION OF CONFLICT OF INTEREST

13.1 No officers involved in the preparation of this report have any direct or indirect interest in this matter.

14 CONCLUSION

14.1 With the retirement of Mr. Michael Ulbrick as from the September 2020 Committee meeting a replacement independent member is required to be appointed. Following a recruitment and selection process, the appointment Ms. Marilyn Kearney from November 2020 to October 2023 is recommended.

14.2 14.2 The retirement of Mr. Michael Ulbrick also means the Chair position is left vacant. This report also recommends the appointment of Mr. Bruce Potgieter to succeed Michael as Chair of the Committee based on his capacity and capability to do so.