

12.3 MEETING ATTENDANCE FEES FOR INDEPENDENT COMMITTEE MEMBERS

- Attachments:**
1. **Salaries and Allowances Act 1975 - Determination Variation**
 2. **Audit and Risk Committee Terms of Reference - Clean version**
 3. **Audit and Risk Committee Terms of Reference - Tracked changes**

RECOMMENDATION:**That Council:**

1. **ADOPTS the Maximum fee for Band 2 Independent Committee Members as set out in the Salaries and Allowances Act 1975 at Attachment 1;**
2. **APPROVES the payment of the Maximum fee to Independent Committee Members on the Audit and Risk Committee; and**
3. **APPROVES the updated Audit and Risk Committee Terms of Reference at Attachment 2.**

PURPOSE OF REPORT:

To establish appropriate fees for Independent Audit and Risk Committee Members consistent with the section 5.100 of the *Local Government Act 1995*.

DELEGATION

Section 5.100(a) of the *Local Government Act 1995* requires Council to determine the fee for attending a committee meeting.

BACKGROUND:

The *Local Government Amendment Act 2023* proposed changes to section 5.100 of the *Local Government Act 1995* to provide for independent committee members to receive meeting fees.

To support the amendments which came into effect 1 January 2024, the Salaries and Allowances Tribunal have issued a determination, at **Attachment 1**, to allow Local Governments to set appropriate meeting fees, within a specified range, to be paid to independent Committee Members.

DETAILS:

The City's Audit and Risk Committee is the only established committee of Council with appointed external members.

The primary function of the City's Audit and Risk Committee is to review the City's annual external audit and to liaise with the City's internal and external auditors to ensure that the City is appropriately managing its affairs. The Audit and Risk Committee comprises of seven members, with three being external independent volunteers.

As the City continues its commitment to governance excellence, the role of the audit committee becomes increasingly crucial in ensuring transparency and accountability. Independent committee members play a crucial role in the effective functioning of the Audit Committee, contributing their specialised skills and insights.

Offering appropriate fees enhances our ability to attract highly qualified professionals to serve on the Audit Committee and ensures that we can retain these individuals to foster a dynamic and experienced independent oversight of the City's affairs.

The provision of meeting fees aligns with the Salaries and Allowances Tribunal's determination and reflects the City's commitment to acknowledging the efforts of these individuals.

The Audit and Risk Committee Terms of Reference (approved by Council 12 December 2024) have been updated to include a new clause at point 10 *Payment to Independent Committee Members* which makes reference to the applicable clause in the Act and provides for payment at the maximum permissible amount determined by the Salaries and Allowances Tribunal.

CONSULTATION/ADVERTISING:

Nil.

LEGAL/POLICY:

In accordance with section 5.100 of the *Local Government Act 1995*:

Fees paid and expenses reimbursed to committee members:

- (2) *A committee member who attends a meeting of the committee is entitled to be paid —*
- (a) *the fee determined for attending a committee meeting; or*
 - (b) *if the local government has set a fee within the range determined for committee meeting attendance fees — that fee.*

RISK MANAGEMENT IMPLICATIONS:

Low: It is low risk for Council to establish and facilitate appropriate fees for independent Audit Committee Members as payment aligns with established legislative guidelines, ensuring legal compliance and fostering a culture that recognises and values their expertise.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Innovative and Accountable

Our decision-making process is consistent and transparent, and decisions are aligned to our strategic direction.

FINANCIAL/BUDGET IMPLICATIONS:

The Salaries and Allowances Tribunal (SAT) determines the remuneration to be provided to independent committee members.

In accordance with the determination at **Attachment 1** a budget variation of \$915 will be required to apply the maximum Band 2 fees for the 2023/24 budget.

There are three independent members on the audit and risk committee who would be eligible for maximum payment (\$305) per meeting attendance. This will be funded from existing budget.

SALARIES AND ALLOWANCES ACT 1975

DETERMINATION VARIATION

PREAMBLE

The *Local Government Amendment Act 2023*, assented to on 18 May 2023, changes the *Local Government Act 1995* to provide for independent committee members to receive meeting fees. An independent committee member is a committee member who is not an elected member or an employee of the local government. The Salaries and Allowances Tribunal has issued a Determination to allow for the payment of meeting fees to independent committee members. Local governments will have the ability to set appropriate fees, within a specified range.

DETERMINATION

The Local Government Chief Executive Officers and Elected Members Determination No. 1 of 2023, issued on 6 April 2023, under sections 7A and 7B(2) of the *Salaries and Allowances Act 1975*, as amended from time to time, are hereby varied by a Determination set out below.

- Under Part 1.4 Terms used, insert the following:
Independent committee member means a person who is a committee member but who is neither a council member nor an employee.
- Under Part 6.1.2, insert the following:
"3. Pursuant to section 5.100(2)(b) and (3)(b) of the LG Act, a committee member who is not an elected member or employee of the local government, who attends a committee meeting or (at the request of the local government or regional local government) a meeting of a type prescribed in regulation 30(3A) of the LG Regulations is entitled to be paid the fee set by the local government or regional local government within the range determined in section 6.3 of this Part for attending committee meetings or, as the case requires, meetings of that type.
- Delete Part 6.3 and insert the following:
6.3 Committee Meeting and Prescribed Meeting Attendance Fees – Per Meeting
(1) The ranges of fees in Table 6 apply where a local government or regional local government decides to pay a council member or independent member a fee referred to in –
 - section 5.98(1)(b) of the LG Act for attendance at a committee meeting; or
 - section 5.98(2A)(b) of the LG Act for attendance at a meeting of a type prescribed in regulation 30(3A) of the LG Regulations.
 - section 5.100(2)(a) of the LG Act for attendance at a committee meeting

- section 5.100(2)(b) of the LG Act for attendance at a meeting of a type prescribed in regulation 30(3A) of the LG Regulations.

Table 6: Committee meeting and prescribed meeting fees per meeting – local governments and regional local governments

	Elected members		Independent committee members	
Band	Minimum	Maximum	Minimum	Maximum
1	\$325	\$415	\$0	\$415
2	\$195	\$305	\$0	\$305
3	\$100	\$215	\$0	\$215
4	\$50	\$125	\$0	\$125
All regional local governments	\$50	\$125	\$0	\$125

Signed on 23 October 2023.

M Seares AO
CHAIR

B A Sargeant PSM
MEMBER

Hon. J Day
MEMBER

SALARIES AND ALLOWANCES TRIBUNAL

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

1. OBJECTIVES

The Audit and Risk Committee (**Committee**) provides advice and assists the Council of the City of Vincent (**City**) to fulfil its governance and oversight responsibilities in relation to financial reporting, risk management, internal controls, legislative compliance, ethical accountability, and the internal and external audit functions.

2. POWERS

- The role of the Committee is prescribed by the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*.
- The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government.
- The Committee is a formally appointed committee of the Council and is responsible to the Council.
- The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.
- The Committee does not have any management functions and cannot involve itself in management processes or procedures.

3. MEMBERSHIP

- The Committee shall comprise up to seven members, consisting of:
 - up to three external independent members; and
 - Council Members from the City. At least three members and the majority of the Committee members are to be Council Members.
- External independent members will be selected based on the following criteria:
 - a demonstrated high level of expertise and knowledge in financial management, reporting, governance, and audit; and
 - relevant skills and experience in providing independent expert advice.
- An external independent member will be a person with no operating responsibilities with the City, nor will that person provide paid services to the City either directly or indirectly.
- Appointments of external independent persons will be made following a public advertisement. The evaluation of potential members will be reviewed by the CEO and appointments will be approved by Council.
- Council may terminate the appointment of any member prior to the expiry of his/her term, if:
 - the Chairperson considers that the member is not making a positive contribution to the committee; or
 - the member is found to be in breach of the City's Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
 - a member's conduct, action or comments brings the City of Vincent into disrepute.
- The City will provide new members with an induction
- The CEO will appoint a Chief Audit Executive (**CAE**) to be responsible for internal audit and communication with the Audit Committee. The CAE must be independent of management of the financial functions. The CAE is not a member of the Audit Committee. The CAE has the following functions:
 - communicates with the Audit Committee
 - manages the induction of new members and any training during the membership term;
 - provides refresher training to the Committee on the *Local Government Act 1995* and key legislation impacting the City.

AUDIT AND RISK COMMITTEE

- facilitates an annual briefing to the Committee by the CEO on City's Strategy, progress of key initiatives, and external events impacting the City (e.g., new regulation, macro-economic factors, etc.)
- oversees the internal audit program and provides updates to the Audit Committee;
- prepares a forward agenda for the Audit Committee meetings each year; and
- provides updates on any external or performance audits or emerging issues.
- The CAE, CEO and any other staff as requested by the CAE will attend meetings to provide advice and guidance to the committee, however the CAE, CEO and any other staff are not members of the Committee.
- The City shall provide secretarial and administrative support to the Committee.
- Membership shall be for a period of up to two years terminating on the day of the Ordinary Council elections.
- Members will be eligible for reappointment.
- Members will be entitled to receive reimbursement of reasonable expenses.
- Members will be provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the Council budget for this purpose.
- Members will annually acknowledge the City's Code of Conduct.

4. CHAIRPERSON

- The position of Chairperson shall be appointed by a vote of the Committee following a call for nominations for the position;
- The Chairperson shall be appointed for a period of not more than two years, after which a new process of appointment shall occur;
- A Chairperson may be reappointed; and
- The Chairperson shall not be the Mayor or a Council Member.
- The Committee may appoint a Council Member as deputy Chairperson to serve in the absence of the Chairperson. The deputy Chairperson shall be appointed for a period of not more than two years, after which a new process of appointment shall occur. A deputy Chairperson may be reappointed.
- The Chairperson shall facilitate an annual self-assessment of the Committee's performance.

5. MEETINGS

- The Committee shall meet approximately every three months and more regularly as required at the discretion of the Chairperson.
- An annual forward agenda will be prepared and approved by the Committee each year to govern the matters to be discussed at each meeting.
- The agenda for each meeting will be provided to the Committee members one week prior to the meeting.
- A quorum will be in accordance with section 5.19(1) of the *Local Government Act 1995* which is at least 50% of the number of offices (whether vacant or not) of members of the committee and will include, where possible, at least one external independent member. The quorum must be in place at all times during the meeting.
- Decisions of the Committee are to be made by a simple majority.

6. REPORTING

- Reports and recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

AUDIT AND RISK COMMITTEE

7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee will be to advise the Council on all matters relating to:

- Financial Reporting & External Audit (OAG)
- Internal Audit Activities
- Risk Management and Internal Control
- Ethics and Compliance

In addition, the Committee will respond to requests from Council for advice that are within the parameters of the committee's terms of reference.

Detailed Duties and Responsibilities are set out in Annexure 1.

8. DELEGATED AUTHORITY

In accordance with section 7.1B of the *Local Government Act 1995*, the only powers and duties that can be delegated to a committee are any of the powers and duties of the local government under Part 7 of the Act; that is, those relating to audit. The Committee cannot on-delegate the powers and duties delegated to it.

Council has not delegated any of its powers or duties to the Audit Committee.

9. BI-ANNUAL REVIEW OF THE AUDIT COMMITTEE TERMS OF REFERENCE

The Committee will ensure that this Terms of Reference complies with relevant legislative and regulatory requirements and will propose amendments when necessary to ensure that it accurately reflects the Committee's current role and responsibilities.

The Committee will review this Terms of Reference bi-annually at the first meeting of the calendar year, following each ordinary local government election, to align with the appointment of new Committee members.

10. PAYMENT TO INDEPENDENT COMMITTEE MEMBERS

Payment to Independent Committee Members shall be the maximum permissible amount in accordance with Section 5.100 of the *Local Government Act 1995*:

5.100 Fees paid and expenses reimbursed to committee members:

- (2) A committee member who attends a meeting of the committee is entitled to be paid —
- (a) the fee **determined*** for attending a committee meeting; or
 - (b) if the local government has set a fee within the range determined for committee meeting attendance fees — that fee.

***determined** means determined by the Salaries and Allowances Tribunal under the Salaries and Allowances Act 1975 section 7B.

AUDIT AND RISK COMMITTEE

ANNEXURE 1: DETAILED DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

This Annexure should be read in conjunction with Section 7: Duties and Responsibilities in the Committee's terms of reference:

Financial Reporting & External Audit (OAG)

- Review the OAG's audit plan (audit planning memorandum) including view of significant accounts and fraud risk.
- Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- Obtain a briefing by CFO of significant accounting policies and significant judgements made in preparing the financial statements.
- Meet with the external auditor at least once in each year, prior to the auditor meeting with Council in accordance with section 7.12(A)(2) of the *Local Government Act 1995*, to ensure that:
 - The external auditor is supported in carrying out his or her other duties under the *Local Government Act 1995*; and
 - the audit is conducted successfully and expeditiously.
- Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest in time.
- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters.
- Review the local government's draft annual financial report, focusing on:
 - accounting policies and practices.
 - changes to accounting policies and practices.
 - the process used in making significant accounting estimates.
 - significant adjustments to the financial report (if any) arising from the audit process.
 - compliance with accounting standards and other reporting requirements.
 - significant variances from prior years.
- Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed.
- Oversee the implementation of any action arising from an audit that the City is required to take; or has stated it has taken or intends to take; or has accepted should be taken.

Internal Audit Activities

- Recommend to Council
 - the appointment of the internal audit service provider - where this is sourced externally and not conducted in-house.
 - the internal audit plan along with aspects of coordination with the external auditor's plan and those of other assurance providers.
 - any changes to the proposed annual internal audit plan
 - the internal audit program along with any changes to the internal audit program
- Review the level of resources allocated to internal audit and the scope of its authority.
- Review of the internal audit activities, progress against the plan, and internal audit reports issued during the period
- Review and recommend changes (if any) to the internal audit program.
- Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO.

AUDIT AND RISK COMMITTEE

- Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised.
- Meet with the internal audit service provider every six months.
- Provide feedback on the performance of the internal audit service provider to Council and the CAE.

Risk Management and Internal control

- Review the City's Corporate Risk Register.
- Review of the City's risk management processes and activities (including Risk Management Policy and Appetite Statements).
- Review business continuity planning arrangements for the City including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

Ethics and Compliance

- Review the City's response to Public Sector Commission Integrity Surveys.
- Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities.
- Review the City's fraud risk management programs and plans.
- Review the status of any fraud investigation reports.
- To monitor and advise the CEO when the CEO is carrying out functions in relation to a review under *Local Government (Audit) Regulations 1996* regulation 17(1) and the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- Review the City's annual Compliance Audit Return and report to the Council the results of that review.

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Legislation	<i>Local Government Act 1995</i> <i>Local Government (Administration) Regulations 1996</i>
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- Review adequacy of procedures for the confidential, anonymous submission by employees regarding possible fraud or irregularities.
- Review the City's fraud risk management programs and plans.
- Review the status of any fraud investigation reports.
- To monitor and advise the CEO when the CEO is carrying out functions in relation to a review under *Local Government (Audit) Regulations 1996* regulation 17(1) and the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- Review the City's annual Compliance Audit Return and report to the Council the results of that review.

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