

Audit & Risk Committee

**Independent Chair/Member
Information Recruitment Pack
July 2024**

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1. BACKGROUND INFORMATION

1.1 Municipal Association of Victoria (MAV)

The Municipal Association of Victoria (MAV) is a membership association and peak body for Victoria's local government sector, formed in 1879 and officially recognised by the *Municipal Association Act 1907* as the voice of local government.

The MAV offers councils a one-stop shop of services and support to help them serve their communities. We advocate for local government interests, initiate projects and services across a broad range of areas, and support the development, adoption and implementation of evidence-based research and policy.

Our **purpose** is to mobilise action that supports Victorian councils to create cities, regions, and towns that are thriving, resilient and inclusive communities.

Our **vision** is to be a nation-leading thought leader, partner and resource hub for the Victorian local government sector in strategic foresight, policy and research, leadership and governance, service design and advocacy impact.

Enhancing local government leadership is a core element of our purpose and vision. We provide a range of sector services tailored to this goal, including professional development and leadership programs, governance advisory services, and sector networking events. Our offerings are designed to assist both new and returning councillors, helping them to build their knowledge and skills, with the aim to empower councillors to excel in their roles.

One of the 10 enabling priorities detailed in the MAV's 2024-2027 Strategic Plan 'Shaping our future' is to amplify the importance of **active local democracy**.

We are committed to working with local government and other levels of government to ensure the local policies reflect the needs and preferences of the local communities. We know effective local democracy can facilitate public participation, improve service delivery, strengthen communities, and improve development outcomes. Supporting our Strategic Plan 2024-2027 is an annual plan which identifies a number of activities we will undertake to support active local democracy.

To read more about the MAV, our Strategic Plan, priorities and annual plan activities, refer to www.mav.asn.au

1.2 Governance arrangements

The Municipal Association of Victorian Act 1907 defines the purpose and operation of the MAV and empowers its members ('member councils') to make rules to further clarify its role and processes.

The [MAV Rules 2022](#) prescribe, amongst other matters:

- membership participation and arrangements.
- appointment of MAV representatives (council member delegates)
- the MAV Board: its role, function and elections.
- the MAV State Council, its role, and functions.
- Audit and Risk Committee, and other committee arrangements.
- MAV management and administrative functions.

State Council is the MAV's overarching governing body. It is made up of delegates from each member council. All 79 Victorian councils are currently participating members of the MAV.

State Council's power include:

- determining the Rules of the MAV
- electing the President and other members of the Board
- determining the strategic direction
- appointing the auditor

State Council meets at least twice a year to consider the MAV's annual report and financial statements, motions or other items of business proposed by member councils and the MAV Board. Delegates vote on matters before State Council.

1.3 MAV Board

The MAV Board comprises the President and ten (10) Directors.

The MAV President is elected by all council member delegates, whereas the ten (10) Directors are elected by delegates from their respective regions. The member councils grouped into five (5) metropolitan and five (5) non-metropolitan regions.

The current MAV Board was established in March 2023, with next board elections to be conducted in March 2025.

The MAV Board's role is to govern the MAV's operations and includes:

- Developing and giving effect to the strategic direction of the MAV
- Oversight of the administration and financial management of the MAV
- Appointing and overseeing the performance of the MAV's Chief Executive Officer

1.4 Organisational arrangements

As a small organisation, MAV employs a mix of staff and specialist consultants to advocate for our members' interests; provide advice, training events and capacity-building programs; and supply insurance, procurement services to councils.

We also have several grant-funded positions which deliver specific projects or programs to councils with funding support from the Victorian or Australian governments, or external organisations.

Specialist consultants supplement the skills of our core staff in areas such as insurance, financial management, digital transformation, and sector development.

1.5 MAV Audit and Risk Committee

The Audit and Risk Committee (the Committee) is an advisory committee established in accordance with the MAV Rules 2022 to assist the MAV in fulfilling its responsibilities related to external financial reporting, risk and financial management, corporate governance, internal control systems and providing advice to drive continuous improvement.

The Committee's membership comprises three (3) independent members, one (1) of whom is the Chair and two (2) Board members.

The Committee role and responsibilities are further detailed in its Charter (attached), which is regularly reviewed by the Committee and approved by the MAV Board.

The MAV Board retains responsibility for decisions, performance and outcomes of the Committee and, therefore, regularly monitors its activities through receipt of its minutes and other reports. The Committee's Chair formally reports to the MAV Board annually on the Committee's activities, and the Chair's counsel is also available to the MAV Board, sub-boards and management on as required basis.

1.4 Other Governance arrangements

The MAV provides a range of insurance products to the local government sector and manages a ceased worker compensation scheme.

To service these arrangements the MAV Board has delegated authority and responsibility for oversight MAV Insurance operations to the **MAV Insurance Board (MAVIB)** and workers' compensation self-insurance (ceased) scheme operations to the **MAV WorkCare Board**.

Members of these sub-boards are appointed by the MAV Board from the insurance industry and local government.

MAV Insurance currently offers:

- The Liability Mutual Insurance scheme which provides public liability and indemnity insurance cover tailored to meet the specific risks and exposures faced by members
- The Commercial Crime Fund which covers local authorities against losses from fraudulent or dishonest acts committed by an employee or third party
- The Local Government Employees Health Plan which is a unique health insurance offer designed to provide local government and water industry employees with fair value health care.

The MAV holds an Australian Financial Services Licence for MAV Insurance with MAVIB responsible for oversight and operational management activities. JLT Public Sector is contracted to provide claims, risk management and reinsurance placement services.

The MAV Workcare Scheme was established in 2017. The last day the scheme operated was 30 June 2021. With the Scheme now deemed a Ceased Self-Insurer Scheme until 30 June 2027, *under the Workplace Injury Rehabilitation and Compensation Act 2013.*, the MAV Workcare Board continues to oversee the MAV's responsibilities as the ceased licence holder.

2. THE POSITION

2.1 Committee member responsibilities

The key responsibilities of all Committee members include:

- Actively and constructively contributing to the Committee's performance by providing professional, independent, and objective advice regarding the delivery of the Committee's Charter.
- Providing independent advice on internal and external audit, governance, financial and risk management plans, and other reports as required.
- Providing objective advice on the MAV's processes, procedures, and internal control mechanisms.

- Providing analysis and constructive comment and observations on MAV services and projects, reports, briefings, and options/issues papers as required.
- Adequately preparing for and attending to Committee meetings.

The Chair is additionally responsible for the leadership of the Committee, including:

- Facilitating information flow between the Committee, the MAV Board, and management.
- Facilitating the effective functioning of the Committee, including chairing meetings.
- Setting the agenda for Committee meetings in consultation with management and overseeing the quality, sufficiency, and relevance of information made available to the Committee.
- Promoting open and constructive communications among Committee members, between the Committee and management, and between the Committee and the MAV Board.
- Keeping Committee meeting focus on strategic and priority matters.

2.2 Eligibility and selection criteria

The following are key criteria that will be the basis for the selection of successful applicants:

- Financial literacy and experience and/or qualifications in the field of business, management and/or accounting.
- Knowledge of risk management principles and practices.
- Knowledge of local government operations and the environment within which MAV and councils operate.
- Knowledge of procurement and insurance services.
- Strong communication and analytical skills.
- Demonstrated leadership skills and experience in chairing meetings, setting a committee's tone, work style, and agenda.
- Contact details for at least two professional referees.

Applicants must be an Australian Citizen or a Permanent Resident and be able to meet the requirements of the MAV's Fit and Proper Person Policy (*see attached fact sheet*).

2.3 Sitting fees

Independent Committee members are paid a sitting fee, which is indexed annually (July) and paid on invoice following each meeting attendance.

Sitting fees effective 1 July 2024:

- Chair: \$1,545.00 per meeting (excl. GST)
- Member: \$1,030.00 per meeting (excl. GST)

2.4 Appointment, meetings and time commitment

The Independent Committee chair/members are appointed by a resolution of the MAV Board, following an merit based recruitment process.

The terms of appointment will be in accordance with the Committee's Charter, with an initial term up to three (3) years.

The Committee meets no fewer than five times per year, with meetings currently commencing at 10:00am, duration 2.5hrs (approx.). Additional meetings are convened as required.

Meetings are usually held at the MAV offices, however in recent years meetings have been conducted both in person, online and as hybrid meetings.

It is anticipated that the demand on Committee members will be approximately 5 hours per meeting. This will comprise of meeting preparation, attendance at Committee meetings and other input as may be required from time to time.

The 2024 meeting schedule is shown below. The 2025 meeting schedule will be confirmed by the Committee at its November meeting.

- Monday, 18 March 2024
- Monday, 13 May 2024;
- Monday, 12 August 2024
- Wednesday, 25 September 2024 (Special financials)
- Monday, 18 November 2024

2.5 Independence and conflict of interests

To be eligible to be an independent chair/member of the Committee, the individual must be free from any conflict of interest and any business or other relationship that could or could reasonably be perceived to materially interfere with the member’s ability to act in the best interests of the MAV.

An independent chair/member is also one who is not a member of management and who:

- has not, within the last three years, been employed by the MAV.
- is not a member of the immediate family of a person who, within the last three years, has been employed in an executive capacity by the MAV.
- is not a principal of, or consultant to, a professional adviser to the MAV where that professional adviser has provided significant services to the MAV.
- is not a significant business partner of the MAV or a related entity or an officer of or otherwise associated directly or indirectly with a significant business partner.
- has no significant contractual relationship with the MAV other than as a member of the Committee.
- is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the member’s ability to act in the best interests of the MAV.
- is not an undischarged bankrupt.
- has not been disqualified for misconduct of a professional association.
- is not currently disqualified from holding office by the Australian Securities and Investments Commission.

3. GUIDELINES FOR APPLICANTS

3.1 Indicative EOI Timetable

EOI Advertised	19 July 2024
EOI/Nominations close	12 August 2024

Interviews Conducted	19-23 August 2024 (approx..)
Recommendations on Appointment/s submitted for MAV Board approval	6 September 2024
Applicants Advised	October 2024
Induction	October/November 2024
Next Committee Meeting	18 November 2024

3.2 Further Information

Attachments

1. MAV Audit and Risk Committee Charter
2. MAV Fit and Proper Policy – Fact Sheet
3. Expression of Interest Nomination Form – Committee Chair

More information about the MAV, our Annual Reports and other published documents can be found on our website www.mav.asn.au

For further information, please contact Anne-Maree Neal, Governance Advisor E: amneal@mav.asn.au, T: 03 9667 5513 or M: 0447 674 375.

3.3 Submitting your application

Applications should be submitted electronically on the Expression of Interest Nomination form (attached) along with a brief CV to amneal@mav.asn.au by **5pm 12 August 2024**.

Audit and Risk Committee Charter

Date Last Adopted: 7 June 2024

Approval Authority: MAV Board

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1 Purpose

The Audit and Risk Committee (the Committee) is an advisory committee established in accordance with Rule 25 of the Municipal Association of Victorian's (MAV) Rules 2022 (the Rules) to assist the MAV in fulfilling its responsibilities relating to external financial reporting, risk and financial management, corporate governance, internal control systems and providing advice to drive continuous improvement.

2 Authority

In accordance with the Rules (r1.25.4), the Board must prepare and approve an Audit and Risk Committee Charter (the Charter) and the charter must specify the functions and responsibilities of the Audit and Risk Committee, including:

- monitoring the Association's financial management,
- monitoring and providing advice on risk management and fraud prevention systems and internal controls, and
- overseeing internal audit functions. (r1.25.5).

The Committee does not have any delegated powers, including executive powers, management functions or delegated responsibility.

The Committee is responsible to the MAV Board (the Board) and the Board authorises the Committee in performing the functions as outlined in this Charter, to:

- seek relevant information it requires from any official of the MAV or external parties (subject to any legal obligation to protect information).
- obtain legal or other professional advice (subject to approval by the CEO).
- discuss any matters with the Victorian Auditor General's Office (VAGO), or other external parties (subject to confidentiality considerations).
- request the attendance of any MAV official, including Board members at Committee meetings.
- seek resolution on any disagreements between management and the external auditors on financial reporting
- seek resolution of differences of opinion between management and the internal auditors on internal audit recommendations.

3 Responsibility

In accordance with the Rules (r1.25.5), the Committee has the following responsibilities:

3.1 Financial Management (r1.25.5.1)

The Committee will provide advice and recommendations to the Board in relation to the quality and accuracy of financial reports, including compliance with all relevant laws and standards. Specific matters the Committee may address include:

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- (a) Receive and review monthly financial reports and advise on any significant financial issues, including complex or unusual transactions and recent accounting, professional and regulatory pronouncements.
 - (b) Review and recommend to the Board the adoption of all significant financial policies.
 - (c) Assess the impact of changes in accounting, reporting or regulatory requirements on the MAV's financial accounts and operations.
 - (d) Review the process for the consolidation of financial information of the MAV related entities into the financial reports of the MAV.
 - (e) Review the annual financial report and consider whether the report is complete, consistent with information known to Audit and Risk Committee and reflects appropriate accounting principles, and if considered appropriate make a formal recommendation to the Board.
 - (f) Review representation letters signed by management to ensure all relevant matters are addressed.
 - (g) Assess information from internal and external auditors that affects the quality of financial reports. For example, actual and potential material audit adjustments, financial report disclosures, non-compliance with legislation and regulations, internal control issues.
 - (h) Provide advice to management and the Board on any special projects, investigations or significant transactions outside of the MAV's normal business as deemed necessary, or as referred to the Committee by the Board.

3.2 External Audit (rl.25.5.1)

The Committee will provide advice and recommendations to the Board in relation to the MAV's external audit program. Specific matters the Committee may address include:

- (a) Annually review the external auditor's proposed audit scope and approach.
- (b) Review the results of the annual external audit in conjunction with management and the external auditors, including any difficulties encountered.
- (c) Ensure that significant findings and recommendations made by the external auditor, and management's responses to them are appropriate and are acted on in a timely manner.
- (d) Provide advice on the resolution of any disagreements between management and the external auditors on financial reporting.
- (e) Ensure that opportunities are provided for the external auditor to meet in-camera with the Committee, as required.
- (f) Maintain awareness of relevant sector performance audits undertaken by Victorian Auditor-General and consider the findings and recommendations of performance audits relevant to the MAV for action/implementation, where appropriate.

3.3 Internal Audit (rl. 25.5.3)

In accordance the Rules the Board must appoint an internal auditor (r.24) and the Committee on behalf of the Board will oversee the MAV's Internal Audit function. Specific matters the Committee may address include:

- (a) Review the resourcing of the internal audit function and recommend to the Board the appointment, reappointment, or replacement of the internal auditors.
- (b) Monitor the implementation, review, and endorse the three-year rolling and annual strategic internal audit plans, and any major changes to the plans, and ensure that the plans are aligned with the MAV's risk profile, including MAV's strategic risks and prioritised operational risks.
- (c) Ensure that opportunities are provided to explore other internal audits in line with the MAV's Strategy 2021-2025 and the MAV's Business Function Risk Assurance Map (BFRAM).
- (d) Review and approve the scope for each internal audit to ensure that the audit objectives and scope are fit for purpose.
- (e) Review internal audit findings and the appropriateness and timeliness of actions proposed by management in response and provide advice on significant issues raised and associated actions, including the identification of good practice.
- (f) Where appropriate, liaise with other Board Committees on internal audit function and reports.
- (g) Monitor the implementation of agreed management actions from prior internal audit reports.
- (h) Monitor processes and practices to ensure that the appropriateness and independence of the internal audit function is maintained.
- (i) Evaluate the independence and overall effectiveness of the internal audit function including the internal auditor's performance.
- (j) Confirm that there have been no restrictions or limitations placed on the internal auditors.
- (k) Ensure that opportunities are provided for the internal auditor to meet in-camera with the Committee, as required.
- (l) Oversee periodic testing of whether audit actions reported as completed by Management have been effectively implemented.

3.4 Risk Management (rl.25.2.2)

The Committee shall monitor and provide advice to the Board on the MAV's Risk management systems and controls. Specific matters the Committee may address include:

- (a) Regularly review of the MAV's risk management framework and evaluating its overall effectiveness.
- (b) Monitor the process of review of the MAV's risk profile.

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- (c) Monitor the systems and processes in place to manage strategic and operational risks.
 - (d) Consider the adequacy of actions taken to ensure that material risks have been dealt with in a timely manner to minimise exposures.
 - (e) Provide advice as required to the Board in relation to elements of the MAV's risk management, including in relation to risk appetite.
 - (f) Reviewing MAV's register of insurance coverage annually.
 - (g) Monitor the effectiveness of business continuity planning and processes, including whether business continuity and disaster recovery plans have been regularly updated and tested.

3.5 Internal Control Environment (rl.25.2.2)

The Committee will provide advice and recommendations to the Board on the MAV's internal control environment. Specific matters the Committee may address include:

- (a) Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- (b) Receive updates on the implementation and effectiveness of programs of controls and the review of control framework policy and procedures.
- (c) Consider the scope of the internal auditors review of internal controls over financial reporting and obtain reports from the internal and external auditors on significant findings and recommendations, together with management's responses.
- (d) Provide oversight on the MAV's approach to managing conflicts of interests, public interest disclosures and other ethical issues including the regular review of conflict of Interest and Gifts Benefits and Hospitality registers.
- (e) Monitor and provide advice on the MAV's fraud and corruption prevention control systems including:
 - The assessment of fraud risks and controls.
 - Receive summary reports on ICT penetration testing and cyber security controls in place.
 - Receive summary reports from management on all suspected and actual frauds, thefts, material breaches of legislation, and ensure reporting to the Board and/or relevant authorities and monitor the effectiveness of the management responses.

3.6 Compliance Management

The Committee will monitor the compliance with the MAV's governance policies in accordance with the overarching governance and principles, the Rules, the MAV Act 1907, any regulations and or any ministerial directions. Specific matters the Committee may address include:

- (a) Review the effectiveness of the systems and processes that monitor compliance with legislation and regulations.

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- (b) Monitor the implementation of actions associated with identified instances of non-compliance.
 - (c) Receive and advise on the review of governance policies.
 - (d) Receive reports on the findings of any examinations by regulatory agencies and monitor management's response to these findings.
 - (e) Receive regular updates from management about compliance matters.
 - (f) Receive and review reports from the CEO on the application of the MAV's Fit and Proper Person Policy and undertake the responsibilities of the Audit and Risk Committee as specified in the Policy ensuring determinations are reported to the Board.

4 Committee Membership

In accordance with the Rules (rl.25.2), the Committee must:

- include Board members (rl.25.2.1); and
- consist of a majority of members who are not Board members or members of the Association's staff, and who collectively have (rl.25.5.2):
 - expertise in financial management and risk (rl.25.2.2.1),
 - expertise in public sector management (rl.25.2.2i), and
- the chairperson of the Audit and Risk Committee must not be a Board member (rl.25.3).

4.1 Composition of Committee

- (a) The Committee shall comprise five members appointed by the Board, made up of two Board members and three members who are not Board members or members of the MAV Staff (titled as 'independent chairperson/members').
- (b) The Board will appoint two independent members and the independent chairperson through a merit-based recruitment process.
- (c) The independent chairperson and members appointed by the Board are to be natural persons with an appropriate level of skill and experience relating to public sector, finance, audit, risk or management experience.
- (d) The independent members are to be appointed for a three-year term, with an option for a further three-year term by mutual consent.
- (e) The initial appointment of independent members shall be for a three-year period. However, the Board may adjust the initial period of appointment to allow for mid-term appointments and to avoid situations where all independent members terms expire within proximity of each other. This initial period of appointment must be more than one year, and no more than three years.
- (f) Where an independent member is appointed mid-term in line with (e), they may be appointed for a further two full three-year terms by mutual consent.

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- (g) An independent member may serve no more than two full terms in any one position before the position must be publicly advertised. This does not preclude existing members from being re-appointed through a competitive process.
 - (h) The independent chairperson is to be appointed for a term to be determined by the Board.
 - (i) If the Chair is unable to attend a meeting, the Committee members in attendance at the meeting will appoint an Acting Chair for that meeting from among the attending members.
 - (j) Board members will be appointed for a two-year term of office, with no limitations on the maximum number of terms served by a Board member on the Committee
 - (k) Membership of the Committee will be reviewed periodically (but at least every two years) by the Board, with the aim of ensuring an appropriate balance between continuity of membership, the contribution of fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.

4.2 Attendance at meetings and Quorums

- (a) A quorum of at least a majority of current Committee members, with a minimum of two independent members and one Board member will be necessary to transact the business of the Committee.
- (b) Other Board members may attend meetings in an observation capacity, but they will not form part of the Committee.
- (c) The Chief Executive Officer (CEO), Chief Finance Officer, Director of Policy and Advocacy, and the Governance Advisor will attend Committee meetings as advisors or observers, but they will not form part of the Committee.
- (d) Other management representatives or members of staff may be invited to attend meetings as advisors or observers, but they will not form part of the Committee.
- (e) The Committee reserves the right to meet at any time without non-members or with invited non-members.
- (f) A representative(s) of VAGO and the appointed external audit contractor will be invited to attend meetings of the Committee, as advisors or observers. Representatives will be required to act in accordance with the obligations of confidentiality and conflict of interest as outlined within this Charter.
- (g) A representative(s) of the appointed internal audit contractor will be invited to attend meetings of the Committee, as advisors or observers. Representatives will be required to act in accordance with the obligations of confidentiality and conflict of interest as outlined within this Charter.

5 Sitting Fees

- (a) A sitting fee will be paid to the independent Committee members.
- (b) Fees will consist of a Member fee (paid to all independent members) and a Chairperson fee (paid to the Chair).

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- (c) The sitting fee amounts will be reviewed and determined by Board annually as part the annual budget process, taking into account of an assessment of the market and the recommendation of the CEO.
 - (d) Payment of fees will be made after each meeting on receipt of a Tax Invoice from the independent member/chair.
 - (e) The sitting fee will not be paid to an independent member that was absent from the meeting without leave from the Committee.
 - (f) No less than once every Board term, the fee paid to the independent chair and members will be benchmarked, against other similar organisations, to provide the Board with the information required to fully review the fees.
 - (g) Reimbursement of any reasonable expenses incurred as result of their role as an independent member/chair will be reimbursed on the approval of the CEO and on receipt of evidence.

6 Meetings

- (a) The Committee will meet no fewer than five times a year (four regular meetings and one or more special meetings held to review the MAV's annual financial reports, or to meet other responsibilities of the Committee). Unless exceptional circumstances exist, meetings will last no longer than three hours.
- (b) All Committee members are expected to attend each meeting, in person or through teleconference or video conference. Failure to attend a meeting will result in non-payment of the Member fee for the associated meeting.
- (c) The Chair is required to call a meeting if asked to do so by the Board or decide if a meeting is required should It be requested by another member, VAGO, the external auditor or internal auditor.

7 Administration and Support

- (a) In accordance with Rules (rl. 25.7), the CEO is responsible for ensuring the preparation and maintenance of agendas, minutes and reports of the Committee and the tabling of minutes of Committee meetings with the Board, when requested by the Committee chair.
- (b) To facilitate the operation of the Committee, the CEO will ensure the provision of:
 - secretariat and logistical support to the Committee.
 - any necessary training for members in relation to their responsibilities.
 - any information required by the Committee to enact its responsibilities under this Charter.
 - officer advice in respect of matters before the Committee.
 - formal meetings with staff, the internal auditors and external auditors as requested by the Committee, in accordance with the execution of its responsibilities under this Charter.

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- (c) The secretariat, in consultation with the Committee Chair, will:
- prepare and circulate of the agenda papers to Committee members at least five working days prior to each meeting.
 - prepare the unconfirmed minutes for confirmation at the next meeting of the Committee and ensure the confirmed minutes are tabled (as part of the CEO's report) at meetings of Board.

8 Planning, Reporting and Assessment

- (a) In accordance with the Rules (rl. 25.6), the Committee will develop an annual work program that includes the timing of reporting for all the responsibilities as outlined in this Charter.
- (b) In accordance with the Rules (rl. 25.7) the Committee will prepare annually a report that describes the activities, findings, and recommendations of the Committee and provide the report to the CEO for tabling at a meeting of the Board.
- (c) The Committee will establish a mechanism to review and report on the Committee's performance, at least annually. The review will be conducted on a self-assessment basis, with appropriate input sought from the internal and external auditors, management and any other relevant stakeholders as determined by the Committee.

9 Member Responsibilities

Committee members are expected to understand and observe the requirements of the MAV's Code of Conduct for Members of the Board(s) and Committees. Members are also expected to:

- (a) Make themselves available as required to attend and participate in meetings of the Committee.
- (b) Contribute the time needed to study and understand the business papers provided as part of the agenda.
- (c) Apply good analytical skills, objectivity, and good judgement.
- (d) Express opinions respectfully and frankly, ask questions that go to the fundamental core of the issue, and pursue independent lines of enquiry.
- (e) Sign a Confidential Undertaking upon appointment and maintain strict confidentiality, even after their terms on the Committee end, and declare any real or perceived conflicts of interest proactively and promptly.
- (f) Meet the requirements commonly referred to as the 'fit and proper person test' as detailed in the *Fit and Proper Person Policy for Directors and the President of MAV, members of the Insurance Board, members of the Audit and Risk Committee, other officers and responsible managers of the MAV.*

10 Conflicts Of Interest

- (a) Committee members are responsible for completing an Interest Declaration Form upon initial appointment, completing and submitting an annual declaration and progressively updating their declarations when circumstances change.
- (b) Committee members must declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic. Details of any conflict of interest shall be appropriately minuted.
- (c) Any representatives of external and internal audit services must also declare any conflicts of interest at the start of each meeting or before discussion of the relevant agenda topic. Details of any conflict of interest shall be appropriately minuted.
- (d) Where staff members or observers at the committee meetings are deemed to have a real, or perceived, conflict of interest, the Chair may excuse them from Committee deliberations on the issue where a conflict of interest exists.

11 Charter review

The Committee will review and assess the adequacy of this Charter annually, taking into account any relevant legislative requirements. The Audit and Risk Committee Charter, including amendments to the Charter, will be approved by the Board.

12 Policy Context

Legislation, standards & external guidelines	Municipal Association of Victoria Rules 2022
MAV Policies, procedures, and related documents	<ul style="list-style-type: none">• Code of Conduct for Members of the MAV Board, Insurance Board, Workcare Board, and Audit and Risk Committee.• Conflict of Interest Policy Members - MAV Board, Insurance Board, Workcare Board, and Audit and Risk Committee.• Fit and Proper Person Policy.

13 Document Control

Approval Authority	MAV Board
Date Last Adopted	7 June 2024
Document Custodian	Governance Advisor
Next Review Date	May 2025
Review History	May 2024 (Audit and Risk Committee – annual review) 3 February 2023 (Approved – New Format) April 2019

MAV Fit and Proper Policy – Fact Sheet

Why does MAV have a Fit and Proper Person Policy?

The MAV Rules 2022 (MAV Rules) include a requirement that the President and each of the ten Board Directors must meet the requirements set out in the Fit and Proper Person Policy before they can take office and are entitled to any allowances. This is because MAV is a holder of an Australian Financial Services Licence (AFSL) which is required for it to deliver insurance services to the local government sector.

Organisations that hold an AFSL have a range of regulatory requirements set out in the *Corporations Act 2001* (Clth) (Corporations Act), including a requirement that certain people including directors and specific employees, meet defined fit and proper criteria. The MAV's Fit and Proper Person Policy is consistent with the criteria in the Corporations Act and stipulated by the regulator of licenced financial services providers, the Australian Securities, and Investment Commission (ASIC).

The requirements in the Fit and Proper Person Policy are designed to ensure that the requirements on MAV due to its AFSL are consistent with the MAV's Rules and election processes for the President and Directors.

How is fit and proper demonstrated?

Fit and proper relates to a person's previous conduct. A fit and proper person is effectively someone who does not have the following attributes:

- They are or have been banned and/or disqualified by ASIC from managing corporations
- They have been convicted of a criminal offence
- Have been a bankrupt
- A serious professional sanction or been involved in various business failures, or refused to comply with certain legal requirements of financial service providers, which are further elaborated in the Statement of Personal Information.

There are 17 questions in the Statement of Personal Information, which is an annexure to the Fit and Proper Person Policy which ask questions about a person's professional history. If a person answers 'no' to all these questions and there is no evidence that these answers are incorrect, that person would be considered to be fit and proper to be the President or a Director of the MAV.

If a person answers 'yes' to any of the questions in the Statement of Personal Information, unless there are extenuating circumstances or evidence as to why the 'yes' response would not make the person fit and proper, it is unlikely that they would be assessed as eligible to take on the position of President or Director of the MAV.



As such, the key practical test of whether a potential President or Director is fit and proper is whether they can honestly answer 'no' to the 17 Statement of Personal Information questions. Potential candidates for the positions of President and Director of the MAV are therefore encouraged to closely review the Statement of Personal Information prior to nominating for the Board elections.

What is the process for demonstrating fit and proper?

A candidate for President or Director of the MAV will be asked to confirm on their nomination form that they meet the fit and proper person requirements as set out in the Policy.

Immediately following the Board elections, the successful candidates will be requested to complete the following at the MAV's expense:

- a police check, including an international police check if the candidate has resided outside of Australia for six months or more in the last decade
- a bankruptcy check
- completion and signing the Statement of Personal Information

In addition, the MAV will undertake searches of the ASIC's banned and disqualified register for each of the successful candidates.

Each of the above will be reviewed by the CEO or their delegate to confirm whether the person meet the criteria set out in the Fit and Proper Person Policy. If the successful candidates answer 'yes' to any of the questions on the Statement of Personal Information, further information will be sought on whether the 'yes' answer constitutes a failure to meet fit and proper requirements. This will depend on the nature of the 'yes' answer and whether this demonstrates conduct that would be viewed by ASIC as breaching fit and proper requirements.

It is important to note that until the fit and proper assessment is completed, the President-elect and Directors-elect will not be eligible to take up their positions or be remunerated for the roles.

If a candidate-elect is deemed to be not fit and proper, a by-election for the relevant Board position will be held.

Who will review the fit and proper information and how will it be stored?

The information provided is considered confidential by the MAV and will only be used by the MAV for the purposes of determining whether the Director- and President—elect meet fit and proper purposes. As part of the assessment process, the Chief Executive Officer or their delegate may assess fit and proper eligibility. In addition, the fit and proper information may be reviewed by the MAV's nominated legal adviser should further advice be required on the eligibility, regulators (such as ASIC) and auditors.

The information will be stored in soft-copy in a confidential folder on the MAV's document library with access restricted to the CEO and their delegate/s. The information will be retained for seven years after the President or Director has left office.

How often will fit and proper assessment be completed?

A fit and proper assessment will be completed prior to the President and Directors assuming their positions. Following this review, there will be annual assessments for all 'officers' of the MAV or when MAV makes an application for a variation to its AFSL.

Who else in the MAV is required to be fit and proper?

'Officers' as defined in the Corporations Act are required to be fit and proper. An officer under the Act is effectively someone who makes major decisions about the organisation or exercises influence on the organisation.

The MAV has interpreted this broadly and as a consequence requires the following persons to meet the fit and proper requirements:

- President and Directors of MAV
- Members of the MAV Insurance Board
- CEO
- Key executive members, which include the General Manager, MAV Insurance, CFO, Executive Director, Policy and Advocacy and the Manager Governance.

In addition, the Fit and Proper Person Policy also requires that members of the Audit and Risk Committee meet the Policy, but they are not formally required to do so under the AFSL obligations.

If you have any queries please contact Owen Harvey-Beavis, General Manager Insurance at oharvey-beavis@mav.asn.au

NOTE: Please refer to the [Fit and Proper Person Policy 2022](#) for the full details about the requirements which apply. This Fact Sheet is provided for information purposes only.

Document dated: January 2023.

EXPRESSION OF INTEREST NOMINATION FORM

AUDIT AND RISK COMMITTEE INDEPENDENT CHAIR/MEMBER

Personal Details:

Name:	
Address:	
Preferred Tel. Contact No.	
Email Address:	

Board/Committee experience:

Please list any experience you have serving on boards/committees

Organisation Name	Role/Title	Period of service

Academic/technical qualifications

Please list your qualifications and year of attainment

Qualification	Institution	Year of Attainment

Career history

Please list your employment history for at least the last 10 years

Organisation Name	Role/Title	Period of service

Skills and expertise

Please list experience in financial management, risk management, business/governance skills and experience in internal/external audit processes and/or Audit and Risk committees.

Any other relevant information you wish to provide.

This is your opportunity to state your credentials and suitability to fulfil the role

Capacity and time to commit to the role

Please address this question relative to your other commitments including employment and any other directorships

Referees:

Please nominate three referees:

Referee Name	Organisation and role/title	Referee Contact Details

Privacy Collection Notice

The MAV is committed to protecting your privacy. The personal information requested on this form is being collected for the purpose of processing your application for a position with the MAV. We will only disclose your personal information to third parties where we have told you beforehand and you have agreed to the disclosure. Your personal information will not be disclosed to any other external party without your consent, unless required or authorised by law. If you wish to alter any of the personal information you have supplied to MAV, please contact MAV via telephone (03) 9667 5555 or email via inquiries@mav.asn.au. You can also view our Privacy Policy for more details on our Privacy practices.

Please forward your expression of interest form together with your CV to anneal@mav.asn.au by 12 August 2024

For further information, please contact Anne-Maree Neal, Governance Advisor on by email anneal@mav.asn.au or telephone 03 9667 5513 or 0447 674 375.