

18.5 Finance, Risk and Audit Committee - Independent Member and Chair

Report Reference	GC240827F18.5
Originating Officer	Unit Manager Governance and Council Support – Victoria Moritz
Corporate Manager	Manager Office of the Chief Executive - Kate McKenzie
General Manager	Chief Executive Officer - Tony Harrison

CONFIDENTIAL MOTION

1. Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the Council orders that the public be excluded from attendance at that part of this meeting relating to Agenda Item *Finance Risk and Audit Committee Independent Member and Chair (GC240827F18.5)*, except the following persons: Chief Executive Officer, General Manager Corporate Services, General Manager City Services, General Manager City Development, Manager Office of the CEO, Chief Finance Officer, Manager People & Culture and Unit Manager Governance & Council Support, to enable the Council to consider the Item in confidence on the basis the Council considers it necessary and appropriate to act in a meeting closed to the public (excepting those persons listed above) in order to receive, discuss or consider in confidence the following information or matter relating to the Item:- information concerning the personal affairs of any person (living or dead), the disclosure of which would be unreasonable being discussions relation to the appointment of an independent member to the Committee.
2. Determines, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep consideration of the information or matter confidential.

REPORT OBJECTIVE

The purpose of this report is to provide Council the recommendation of the Review and Selection Committee in regard to the position of the Chair of the Finance, Risk and Audit Committee which is due to expire on 30 November 2024.

EXECUTIVE SUMMARY

The FRAC has three expert members that form part of the Membership of the Committee. The term of the expert members has historically been for a three-year period and is structured to ensure that the expiration of the term falls at different times to allow continuity of membership despite changes to Council's elected representatives.

The report presented to the Review and Selection Committee at its meeting of 6 August 2024 highlighted that Ms Emma Hinchey's term of the FRAC expires on 30 November 2024. Ms Hinchey was appointed to the FAC from 1 January 2017 to November 2018 following the resignation of a previous member. She was then appointed for a further 3 years from November 2018 to November 2021 and an additional term from November 2021 to November 2024. Ms Hinchey commenced as Chair of the Committee from November 2019.

Aligned with best practice, the Council has changed membership of expert members after the

conclusion of two consecutive terms. This report recommends that a recruitment process be undertaken for an Independent Member to be appointed Chair of the Finance, Risk and Audit Committee for a term commencing 1 December 2024 and concluding 30 November 2027.

At the Committee meeting, the following was resolved:

Moved Councillor Hoffmann

Seconded Councillor Taylor

That the Review and Selection Committee:

1. *Recommend to Council that current member Josh Hubbard be appointed to Chair of the Finance, Risk and Audit Committee commencing 1 December 2024 to 30 November 2025, subject to their acceptance; and*
2. *Recommend to Council that a recruitment process be undertaken by the Committee for an Independent Member on the Finance, Risk and Audit Committee for a term commencing 1 December 2024 to 30 November 2027.*
3. *Recommend Council increase the remuneration payable to Finance Risk and Audit Committee members to \$1200 per meeting for Independent Members, and \$1500 per meeting for the Chair in accordance with Section 3.13 of the Finance, Risk and Audit Committee Terms of Reference.*

RECOMMENDATION

That Council:

1. **Appoint current Independent Member Mr Josh Hubbard to Chair of the Finance, Risk and Audit Committee for a term commencing 1 December 2024 to 30 November 2025 subject to their acceptance; and**
2. **Notes that a recruitment process will be undertaken by the Review and Selection Committee for an Independent Member on the Finance, Risk and Audit Committee for a term commencing 1 December 2024 to 30 November 2027**
3. **Endorse the remuneration payable to the Chair of the Finance Risk and Audit Committee is \$1,500 per meeting in accordance with Section 3.13 of the Finance, Risk and Audit Committee Terms of Reference.**
4. **Endorse the remuneration payable to an Independent member of the Finance Risk and Audit Committee is \$1,200 in accordance with Section 3.13 of the Finance, Risk and Audit Committee Terms of Reference**
5. **Pursuant to section 91(7) of the Local Government Act 1999, orders that the following document(s) relating to Agenda Item *Finance Risk and Audit Committee Independent Member and Chair (GC240827F18.5)* shall be kept confidential, being document(s) relating to a matter dealt with by the Council on a confidential basis under sections 90(2) and 90(3)(a) of the Act:**
 - **Report**
 - **Minutes**

on the grounds that the document(s) relates to information the disclosure of which could reasonably be expected to prematurely disclose information concerning personal affairs of any person (living or dead), the disclosure would be unreasonable as it related to the process for appointment of an independent member to the Committee which is not yet finalised.

6. Determines this order shall operate:

- **Until the conclusion of the recruitment process to fill all vacancies on the Finance, Risk and Audit Committee and will be reviewed every 12 months.**

7. Pursuant to section 91(9)(c) of the Local Government Act 1999, delegates to the Chief Executive Officer the power to revoke this order in whole or part.

DISCUSSION

The Finance, Risk and Audit Committee is a formally constituted Committee of Council pursuant to Section 41 and 126 of the Local Government Act 1999 and is responsible to Council. It operates as an independent and objective advisory Committee to Council and does not have any delegated decision making or authority to implement actions in areas over which the Chief Executive Officer has delegation.

Its primary objective is to add value through the provision of advice to ensure that the resources of the City of Marion are being used efficiently and effectively. In accordance with the Committees Terms of Reference, the FRAC will comprise of two Council Members, One Proxy Council Member and Three Independent Members.

Section 3.9 – 3.13 of the FRAC Terms of Reference States the following:

- 3.9 Independent members will collectively have skills, knowledge and experience in senior business roles, legal, audit, financial management / reporting, risk management, governance and be conversant with the local government environment.
- 3.10 The Council will determine the process for appointing an independent member.
- 3.11 Appointment of external representatives will be made by Council for a term to be determined by Council. To ensure succession planning for the Committee, the terms of appointment should be arranged on a rotational basis and continuity of membership despite changes to Council's elected representatives. Council may resolve to re-appoint an independent member for consecutive terms.
- 3.12 If Council proposes to remove an independent member from the Committee, it must give written notice to the independent member of its intention to do so and provide that independent member with the opportunity to be heard at a Council meeting which is open to the public, if that independent member so requests.
- 3.13 Remuneration will be paid to each independent member of the Committee to be set by Council from time to time. At a minimum, the remuneration paid to the independent member will be reviewed within 12 months from the date of a Council (periodic) election.

It is suggested that as part of this process, the remuneration payable to committee members is reviewed by Council in accordance with Section 3.13 of the Committee's Terms of Reference.

The following table provides the details of the current Independent FRAC membership, when

they were appointed and when their terms expire.

Member	Fist Appointed	Expiry of current Term
Ms Emma Hinchey	1 January 2017 1 December 2019	30 November 2024
Ms Nicolle Rantanen	1 December 2020	30 November 2026
Mr Josh Hubbard	1 December 2022	30 November 2025

The Committee will undertake and manage any required recruitment process and is required to make its recommendations to Council.

ATTACHMENTS

Nil