



5 Confidential Items

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

Report Reference	RSC240806F5.1
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

That pursuant to Section 90(2) and (3)(a) of the *Local Government Act 1999*, the Committee orders that all persons present, with the exception of 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 and Manager People & Culture be excluded from the meeting as the Committee receives and considers information relating to the independent members on the Finance, Risk and Audit Committee, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the performance of the Committee and its Members.

REPORT OBJECTIVE

To advise the Committee that the position of the Chair of the Finance, Risk and Audit Committee is due to expire on 30 November 2024 and for the Committee to consider making a recommendation to Council regarding the recruitment process for an independent Member as Chair of the Finance, Risk and Audit Committee (FRAC).

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.

This report highlights 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.

The Committee may consider recommending to Council one of the current members for appointment to the position of Chair and undertake a recruitment process to fill the vacancy created, or the Committee may consider a recommendation to undertake a recruitment process to directly fill the position of Chair to the Committee.

RECOMMENDATION

That the Review and Selection Committee:

Option 1

1. Recommend to Council that a recruitment process be undertaken by the Committee for an Independent Member to be appointed Chair of the Finance, Risk and Audit Committee for a term commencing 1 December 2024 to 30 November 2027.

OR Option 2

1. Recommend to Council that current member **xx** be appointed to Chair of the Finance, Risk and Audit Committee for a term commencing **1 December 2024 to XXX** 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 **xx to xx**

and

3. Recommend Council **keep the remuneration of the Finance Risk and Audit Committee as is or review the remuneration payable to** an independent member of the Committee in accordance with Section 3.13 of the Finance, Risk and Audit Committee Terms of Reference.
4. In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Committee orders that this report, 'Finance, Risk and Audit Committee – Independent Member and Chair **RSC240507F5.1**' any attachments and the minutes arising from this report, having been considered in confidence under Section 90(2) and (3)(a) of the Act, except when required to effect or comply with the Committee's resolution(s) regarding this matter, be kept confidential and not available for public inspection upon the basis that the information relates to the performance of the Committee and its members.
5. This order shall operate until it is revoked or a further order is made and will be reviewed every 12 months.
6. Pursuant to section 91(9)(c) of the *Local Government Act 1999*, the Committee delegates the power to revoke the confidentiality order to the Chief Executive Officer.

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

1. Nil