



AGENDA

Late Reports

Ordinary Council Meeting

Date: Monday, 22 April 2024

Time: 5 pm

**Location: Cowra Council Chambers
116 Kendal Street, Cowra**

**Paul Devery
General Manager**

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8 LATE REPORTS

8.1 Audit Risk and Improvement Committee (ARIC) - Review of Independent Members' Fees

File Number: D24/633

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RECOMMENDATION

That Based on the new requirements of ARIC independent members and the chair, it is recommended that:

1. That Council increases the fees paid to independent members of the Audit Risk and Improvement Committee with the Chair to be paid \$2,000 per meeting and the independent member to be paid \$1,500 per meeting.
2. That superannuation be paid on these revised fees.
3. That Council approve the continuation of the inclusion of a travel allowance for Independent Members as per the Local Government Award.
4. That these changes take effect from 1st July 2024.
5. That Council instructs the ARIC that the Charter be reviewed and updated in accordance with these changes.

INTRODUCTION

The purpose of this report is to seek Council's approval for an adjustment in the fees for independent members of ARIC. This proposal stems from a review prompted by new legislative mandates for ARIC, scheduled to take effect on July 1, 2024

BACKGROUND

Cowra Council's Audit Risk and Improvement Committee ARIC has requested a review of the independent member fees. The last fee review was done in June 2018 and came into effect on 1st July 2018.

The current independent member fees are;

	Per Meeting	Annually (3 Meetings)
Chair	\$ 1,464.49	\$ 4,393.47
Member	\$ 1,098.41	\$ 3,295.23
Total	\$ 2,562.90	\$ 7,688.70

NB – All amounts are exclusive of GST

Additionally, Independent members travel costs are reimbursed in line with rates and guidelines applicable for Council's policy on the payment of travelling expenses for Councillors.

REVIEW OF FEES - CONSIDERATION

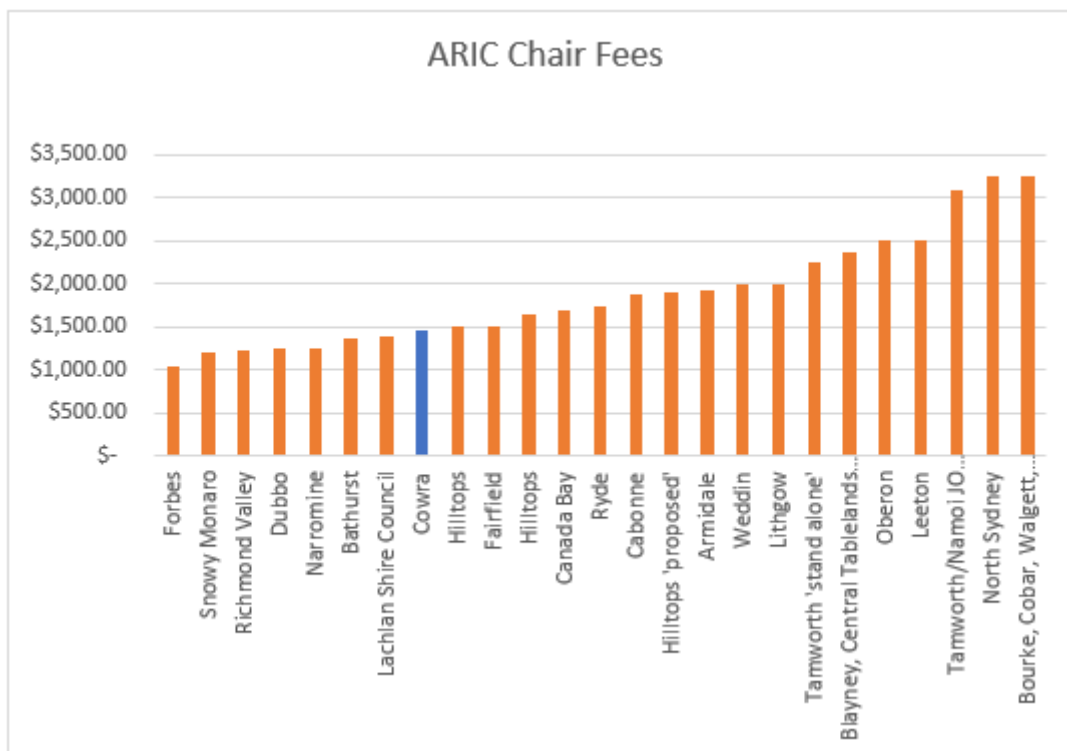
In light of recent legislative requirements and the absence of a fee review since 2018, it is appropriate that we undertake this process in a timely manner. The review of fees considers the following factors:

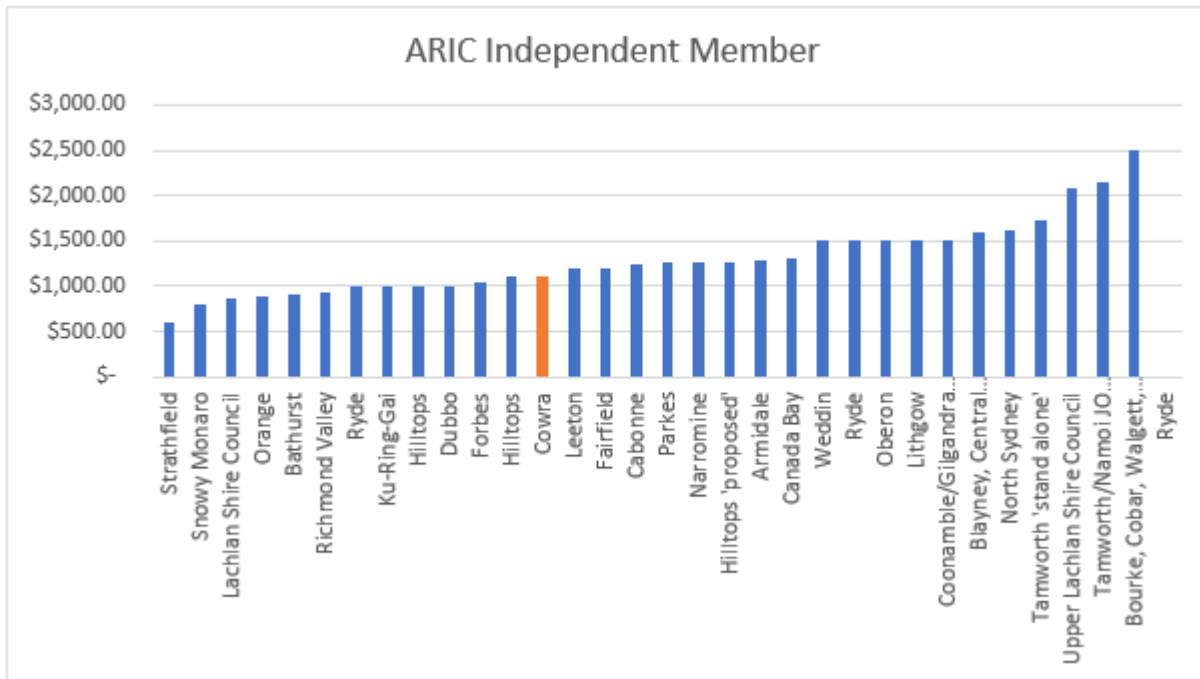
- Comparative analysis of ARIC fees among other councils.
- Evaluation of the increased responsibilities and time commitments for both the chair and members.
- Examination of supply and demand dynamics, particularly in light of heightened legislative requirements regarding member eligibility and skills.
- Assessment of the current budget for the fiscal year 2025 and alignment with the long-term financial plan.

Attached herewith is a draft four-year plan currently under development by ARIC chairs, reflecting the anticipated changes. This document illustrates the escalated workload and responsibilities facing independent ARIC members.

Comparison of ARIC Fees with Other Councils

The enclosed fee comparison graphs and spreadsheet provides an overview of the diverse range of fees offered by various councils. Notably, fees per meeting for a Chair range from \$1,050 and \$1,200 at Forbes and Snowy Monaro respectively and \$20,920 for up to 7 meetings p.a. at Upper Lachlan Shire (not shown in graph). The combination of payments and number of annual meetings together with combination of councils vary. In the attached spreadsheet known actual fees and those from advertisements calling for new members are shown and for the purposes of the comparison these are grouped. Within this range and shown in the graphs below, Cowra's current fees for both chair and member are below the average. The number of Councils shown in the two graphs varies because in undertaking research, some areas are advertising for Members only.





It is important for the Council to recognise that as New South Wales local governments seek to attract additional independent members, competition for suitable candidates will intensify. Feedback from our current independent member underscores the growing selectivity among candidates, emphasising the importance of competitive remuneration.

By carefully considering these factors and conducting a review, we can ensure that our fee structure aligns with industry standards, adequately compensates for increased responsibilities, and effectively attracts and retains top talent for ARIC membership.

It is for these reasons that it is recommended that the fees be increased to \$2,000 per meeting for the chair and \$1,500 for each member.

BUDGETARY IMPLICATIONS

In considering the above recommendation from a budgetary position, Council needs to factor in:

1. the additional independent member
2. the extra meeting per year, and
3. the requirement to pay superannuation (11.5% from 1/7/24)
4. the requirement to pay travel expenses

Note – that the payment of superannuation to independent members is new and is included in the OLG guidelines. Furthermore, Council has been made aware that the ATO is soon to make a ruling supporting the OLG guidelines for the payment of superannuation.

The following tables display the results per meeting and annually

	<i>Proposed Fees</i>		<i>Proposed Fees (Including super)</i>	
	Per Meeting	Annually (4 Meetings)	Per Meeting	Annually (4 Meetings)
Chair	\$ 2,000.00	\$ 8,000.00	\$ 2,230.00	\$ 8,920.00
Member	\$ 1,500.00	\$ 6,000.00	\$ 1,672.50	\$ 6,690.00
Member	\$ 1,500.00	\$ 6,000.00	\$ 1,672.50	\$ 6,690.00
Total	\$ 5,000.00	\$ 20,000.00	\$ 5,575.00	\$ 22,300.00

In addition to the above, travel expenses are to be paid at the Local Government *Award rate* assuming a vehicle over 2.5 litres @ 81c per km. Depending on where the new member will drive from, an estimate of \$1,400 has been made for travel. Adding travel to the proposed fees including Superannuation the annual estimated total is \$23,700. The current inclusion in the 2024/5 LTFFP is \$25,000.

ATTACHMENTS

1. ARIC - Independent members’ fee comparison [↓](#)
2. Draft 4 year work plan template - ARIC [↓](#)
3. Guidelines-for-Risk-Management-and-Internal-Audit-updated-November-2023 [↓](#)
4. ARIC Charter - Policy [↓](#)

