

5.2 AUDIT & RISK COMMITTEE SIX MONTHLY ACTIVITIES REPORT

(D21-179815)

Responsible Senior Officer: Dr Andi Diamond, Chief Executive Officer

RECOMMENDATION

That Council notes the six monthly briefing report forwarded by Council's Audit & Risk Committee, to the Chief Executive Officer (CEO) outlining the Committee's activities and providing any findings and recommendations in relation to the functions of the Committee.

BACKGROUND

The *Local Government Act 2020* includes changes to the role and governance of the Audit & Risk Committee as well as broader changes to the Committee's interest in Council's governance.

Part 2, Division 8, Clause 54 (5) of the Act requires the Audit & Risk Committee to:

- a) prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and
- b) provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.

DISCUSSION

In accordance with the new Act, and the revised Audit & Risk Committee Charter (approved by Council in April 2020), a briefing paper was tabled at the 25 June 2021 Audit & Risk Committee meeting which outlined the Committee's activities from January to June 2021. This report (attached) was then forwarded to the CEO to table at the July 2021 Council meeting.

CONCLUSION

In conclusion, as per the requirements of Local Government Act 2020, the CEO recommends to Council attached report outlining the Audit & Risk Committee's activities from January to June 2021.

Monash Audit & Risk Committee activities - January to June 2021



The Committee's activities for the reporting period are summarised below:

Charter Responsibility	Activity
Financial & Performance Reporting	
Oversight of the preparation of the Annual Financial Report and Annual Performance Statement	<ul style="list-style-type: none"> Not applicable- Reviewed plan for year end audit.
Review of management financial reports	<ul style="list-style-type: none"> Reviewed the quarterly Financial Management, Annual Plan and Capital Works Progress Report for the period ending 31 December 2020 & 31 March 2021
Review of Council's reporting under the Local Government Performance Reporting Framework	<ul style="list-style-type: none"> Not applicable- reviewed half year report.
Consideration and endorsement of changes in reporting standards and policies	<ul style="list-style-type: none"> Updated by the Finance Manager on changes to accounting standard or policies that have impacted council.
Risk Management	
Consideration of regular reports on Council's risk profile and risk management activity, including Council's response to the COVID-19 challenges and the impact of the virus on Council's finances	<p>The following risk reports were provided to the committee in the past 6 months:</p> <ul style="list-style-type: none"> Strategic Risk Report Sample Risk & Opportunity Management Framework KPIs report Updates on Risk Management Committee meetings
Review of implementation of the new Enterprise Risk & Opportunity Management framework	<ul style="list-style-type: none"> Risk & Opportunity Management Framework was adopted by council in February 2020 whilst implementation of the framework is ongoing
Oversight of the monitoring activity of high-risk areas by Council	<ul style="list-style-type: none"> People & Culture Dashboard report comprising information on OHS and wellbeing data was presented to the committee at the June 2021 meeting Disaster Recovery Testing results reviewed. Briefings received on updates risks and responses to COVID-19

<i>Charter Responsibility</i>	<i>Activity</i>
Oversight of management responses to business continuity planning and testing activities	<ul style="list-style-type: none"> • A full test will be conducted in the later part of 2021 or early 2022.
Oversight of management activity related to compliance management	<ul style="list-style-type: none"> • Received regular updates on Local Government Act 2020 implementation on Council operations
<i>Internal Control Environment</i>	
Monitoring outcomes of reviews by Council of key policies	<p>Policies reviewed in the past 6 months by the committee include:</p> <ul style="list-style-type: none"> • OHS policy • Disaster Recovery Plan & Testing results • Councillor Code of Conduct • Investment Policy
Monitoring the impact of legislative changes on Council's operations	<ul style="list-style-type: none"> • Regular updates have been provided to the committee on the implementation of Local Government Act 2020 and the Gender Equity Act 2020 to ensure compliance to these legislations
Consideration of the impact on Council of the outcomes of integrity body reports (Independent Broad-based Anti-Corruption Commission, Victorian Auditor General's Office, Local Government Inspectorate and Ombudsman Victoria)	<p>Several self-assessments of integrity body reports were provided to the committee in the past 6 months and they include:</p> <ul style="list-style-type: none"> • IBAC Report: Unauthorised Access And Disclosure Of Information Held By Local Government • VAGO Sexual Harassment in Local Government • VAGO report - 2019-20 LG audit snapshot • VAGO report - Maintaining Local Roads • Vic Ombudsman report- Investigation into how Local Councils Respond to Ratepayers in Financial Hardship
<i>Internal & External Audit</i>	
Review and endorsement of the 2020/21 internal audit plan	<ul style="list-style-type: none"> • Draft 2021/22 Internal audit plan was presented to the committee at the March 2021 meeting and the final plan was approved at the June 2021 meeting
Consideration of the outcomes of internal audit reviews	<ul style="list-style-type: none"> • Presented at every meeting.

<i>Charter Responsibility</i>	<i>Activity</i>
Review and endorsement of the external audit plan	<ul style="list-style-type: none"> VAGO's Audit Strategy Memorandum for the year ended 30 June 2021 was presented and endorsed by the committee at the March 2021 meeting
Consideration of the outcomes of the external audit	<ul style="list-style-type: none"> VAGO's Interim Management letter was presented to the committee at the June 2021 meeting
Monitoring the performance of the internal and external audit functions	<ul style="list-style-type: none"> Ongoing
Monitoring management performance in closing out audit recommendations	<ul style="list-style-type: none"> Summary reports provided to the committee at the March meeting with more detailed reports on outstanding audit actions presented at the June meeting.
<i>Facilitation of Communication between Audit Functions and Management</i>	
Meeting with the audit functions in the absence of management	<ul style="list-style-type: none"> Scheduled for August 2021 committee meeting
<i>Other key activities included:</i>	
Review of the Committee Charter and reporting to Council on recommended improvements as outlined in the Local Government Act 2020	<ul style="list-style-type: none"> The Committee's Charter was further amended for changes following the mandatory changes made in 2020 following the adoption of the Local Government Act 2020. This years changes included: <ul style="list-style-type: none"> New paragraphs under "External Audit" & "Internal Audit" to "Seek resolution on any differing views between management and the External/Internal Auditors on audit findings and recommendations". New section on "Insurance & indemnity" outlining the continuation of Council's practice of indemnifying Independent Audit & Risk Committee members despite the omission of this requirement in the new LGA 2020
Monitoring the impact of legislative change on the Committee's responsibilities	<ul style="list-style-type: none"> The Committee's Charter was amended for changes to the role and governance of the Audit & Risk Committee as well as broader changes to Council's governance of interest to the Committee following the passing of the new Local Government Act 2020

Charter Responsibility	Activity
Assessment of the Committee’s performance	<ul style="list-style-type: none"> The last self-assessment of the Committee’s performance and improvement opportunities for future activities was presented to the December 2020 meeting. Next review is due in December 2021.
Involvement in the recruitment of new Committee members (Chair & Independent member)	<ul style="list-style-type: none"> Not Applicable- the next appointment of an independent Committee member will occur in 2023.
Internal Audit Coverage	
<p>The Committee has continued to work towards a closer alignment of the internal audit plan with Council’s strategic risk profile. Internal audit reviews completed during the last 6 months included:</p> <ul style="list-style-type: none"> Business Continuity Planning Various Financial Controls – Purchasing cards, Sundry Debtors and EFT Fraud Management & Prevention Emergency Management Occupational Health & Safety -Staff 	<p>The number of recommendations identified for each review is as follows:</p> <ul style="list-style-type: none"> Business Continuity Planning – 3 Medium, 1 Low Various Financial Controls – 3 Medium, 4 Low Fraud Management & Prevention – 1 High[#], 4 Medium Emergency Management - 6 Medium, 2 Low Occupational Health & Safety -Staff – 4 Medium, 4 Low <p>[#]The High risk rated finding related to the development of a dedicated Gifts, Benefits and Hospitality Policies for Staff and Councillors that includes specific guidance over the management of gifts; Introduce the procedure to record all offers of gifts that are refused</p>