

7.5.1 SIX MONTHLY AUDIT AND RISK COMMITTEE ACTIVITY REPORT

Responsible Manager:	Kate Heissenbuttel, Manager Corporate Performance
Responsible Director:	Simone Wickes, Director Corporate Services

RECOMMENDATION

That Council notes the six-monthly briefing report forwarded by Council's Audit and Risk Committee (the Committee) to the Chief Executive Officer (CEO) that outlines the Committee's activities in relation to the functions of the Committee.

INTRODUCTION

The purpose of this paper is to recommend that Council notes the six-monthly activity report tabled by the CEO which outlines the Audit and Risk Committee's activities in relation to the functions of the Committee from July to December 2023.

COUNCIL PLAN STRATEGIC OBJECTIVES

Good Governance

Maintain the highest standards of good governance.

BACKGROUND

The *Local Government Act 2020* (the Act) includes changes to the role and governance of the Audit and 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 and 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 Act, and the Audit and Risk Committee Charter, a briefing paper was tabled at the Audit and Risk Committee meeting of 24 November 2023 which outlined the Committee's activities from July to December 2023. This paper (attached) was then finalised and forwarded to the CEO to table at the December 2023 Council meeting.

FINANCIAL IMPLICATIONS

There are no financial implications to this report.

POLICY IMPLICATIONS

The six-monthly activity report is provided in accordance with the requirements in the *Local Government Act 2020* and Council's [Audit and Risk Committee Charter](#).

CONSULTATION

Community consultation was not required.

SOCIAL IMPLICATIONS

There are no social implications to this report.

HUMAN RIGHTS CONSIDERATIONS

There are no human rights implications to this report.

GENDER IMPACT ASSESSMENT

A GIA was not completed because this agenda item is not a 'policy', 'program' or 'service'.

CONCLUSION

As per the requirements of Act, the CEO presents to Council the attached report outlining the Audit and Risk Committee's activities from July to December 2023.

ATTACHMENT LIST

1. Six monthly activity report Audit Risk Committee July to December 2023 [7.5.1.1 - 4 pages]

Attachment 7.5.1.1 Six monthly activity report Audit Risk Committee July to December 2023

The Audit and Risk Committee (Committee)'s activities for the reporting period (July to December 2023) 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"> The Committee reviewed and endorsed the 2022-23 Annual Financial Statements and Annual Performance statement following the external audit conducted by HLB Mann Judd at the Sep 2023 meeting for presentation at the September Council meeting for adoption.
Review of management financial reports	<ul style="list-style-type: none"> Reviewed the quarterly Financial Management Report for the period ending 30 June 2023 (Sep 2023 meeting) & 30 September 2023 (Nov 2023 meeting).
Review of Council's reporting under the Local Government Performance Reporting Framework	<ul style="list-style-type: none"> The 2022/23 Local Government Performance Reporting Framework report and a briefing paper with the key highlights was provided to the Committee at the Sep 2023 meeting.
Consideration and endorsement of changes in reporting standards and policies	<ul style="list-style-type: none"> Updates are provided by the Finance Manager on any 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	<p>The following risk reports were provided to the Committee in the past 6 months:</p> <ul style="list-style-type: none"> Briefing about the key risk management activities occurring during the period including the establishment of risk appetite statement Strategic Risk Reports Top operational risk reports Minutes from Risk Management Committee meetings Minutes from Fraud & Corruption Prevention Steering Committee meetings
Review of implementation of the new Enterprise Risk & Opportunity Management framework	<ul style="list-style-type: none"> A copy of the Enterprise Risk & Opportunity Management Framework (EROMF) was revised and presented to the Sept 2022 meeting. Next review scheduled at June 2024 meeting.
Oversight of the monitoring activity of high risk areas by Council	<ul style="list-style-type: none"> People & Safety Dashboard comprising information on OHS and wellbeing data was presented to the Committee at the Nov 2023 meeting. Cyber Security Dashboard was presented to the Committee at the Nov 2023 meeting including a self-assessment against VAGO report – Cyber Security Computing Product.

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Charter Responsibility	Activity
	<ul style="list-style-type: none"> Public liability insurance report was presented at the Sep 2023 meeting.
Oversight of management responses to business continuity planning and testing activities	<ul style="list-style-type: none"> An update on Business Continuity Crisis Scenario Exercise was presented to the Committee at Nov 2023 meeting.
Oversight of management activity related to fraud and corruption	<ul style="list-style-type: none"> An updated Fraud and Corruption Control Framework with proposed changes was presented to the Committee at Nov 2023 meeting.
Internal Control Environment	
Monitoring outcomes of reviews by Council of key policies	Policies reviewed in the past 6 months by the Committee include: <ul style="list-style-type: none"> Fraud and Corruption Control Framework
Monitoring the impact of legislative changes on Council's operations	<ul style="list-style-type: none"> An annual status update on legislative compliance report is scheduled to be reviewed by the Committee at March 2024 meeting.
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)	Several self-assessments of integrity body reports were provided to the committee in the past 6 months and they include: <ul style="list-style-type: none"> VAGO Report - Regulating Food Safety VAGO report - Cyber Security Computing Product IBAC - Operation Sandon IBAC – Operation Daintree
Internal & External Audit	
Review and endorsement of the 2022/23 internal audit plan	<ul style="list-style-type: none"> The 2023/24 Internal audit plan was approved at the Jun 2023 meeting.
Consideration of the outcomes of internal audit reviews	<ul style="list-style-type: none"> Presented at every meeting.
Review and endorsement of the external audit plan	<ul style="list-style-type: none"> HLB Mann Judd's Audit Strategy Memorandum for the year ended 30 June 2023 was presented and endorsed by the Committee at the Mar 2023 meeting
Consideration of the outcomes of the external audit	<ul style="list-style-type: none"> HLB Mann Judd's Audit Closing Report and Final Management letter were presented to the Committee at the Sep 2023 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 of open actions with management responses provided to the Committee at Sep 2023 and Nov 2023 meetings.

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Charter Responsibility	Activity
Facilitation of Communication between Audit Functions and Management	
Meeting with the audit functions in the absence of management	<ul style="list-style-type: none"> • Committee members met with HLB Mann Judd upon the completion of the Sep 2023 committee meeting
Other key activities included:	
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"> • An updated Audit and Risk Committee Charter with proposed changes was presented to the Committee at Sep 2023 meeting.
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.
Assessment of the Committee's performance	<ul style="list-style-type: none"> • The self-assessment of the Committee's performance and improvement opportunities for future activities was presented to the Nov 2023 meeting.
Involvement in the recruitment of new Committee members Chair & Independent members	<ul style="list-style-type: none"> • Not applicable.
Internal Audit Tender activity	<ul style="list-style-type: none"> • A briefing paper which outlines the upcoming Internal Audit Tender activity for Council was presented to the Committee at Nov 2023 meeting.
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"> • Leases and Licenses • Childcare Subsidy Review • Cyber Security • Statutory Planning (finalising the audit report) • GST Compliance (audit in progress) • Payroll including data analytics (audit planning) 	<p>During the last 6 months, the following audit reports were finalised with the recommendations identified:</p> <ul style="list-style-type: none"> • Leases and Licenses – 4 Moderate rated findings and 2 Low rated findings • Childcare Subsidy Review – 3 Moderate rated findings and 2 Low rated findings • Cyber Security review against 'Essential Eight' cyber security mitigation strategies - Level 3 was achieved in 'Regular backups' area and Level 2 was achieved in all other seven areas.

Appendix: Attendance of committee members at meetings during July to December 2023

Name	Role	Member since	July to December 2023 Attendance	
Andrew Dix	Independent member (Chair)	July 2019	2 rostered	2 attended
Binda Gokhale	Independent member	July 2023	2 rostered	2 attended
John Watson	Independent member	July 2020	2 rostered	2 attended
Geoff Lake	Councillor	November 2018	2 rostered	1 attended
Tina Samardzija	Councillor	November 2020	2 rostered	2 attended