

5.1 AUDIT AND RISK COMMITTEE SIX MONTHLY ACTIVITIES REPORT

(D23-163081)

Responsible Officer: Dr Andi Diamond, Chief Executive Officer

RECOMMENDATION

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

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 revised Audit and Risk Committee Charter, a briefing paper was tabled at the Audit and Risk Committee meeting of 13 June 2023. This outlined the Committee's activities from January to June 2023. This paper (attached) was then finalised and forwarded to the CEO to be tabled at the July 2023 Council meeting.

POLICY IMPLICATIONS

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

SOCIAL IMPLICATIONS

None noted.

HUMAN RIGHTS CONSIDERATIONS

None noted.

GENDER EQUITY ASSESSMENT

None noted.

CONCLUSION

As per the requirements of Act, the CEO presents to Council the attached report outlining the Audit and Risk Committee’s activities from January to June 2023.

CEO Report to Council on Monash Audit and Risk Committee activities – January to June 2023

<i>Charter Responsibility</i>	<i>Activity</i>
Financial & Performance Reporting	
Oversight of the preparation of the Annual Financial Report and Annual Performance Statement	<ul style="list-style-type: none"> Not applicable- Annual Report and Statement to be reviewed at Sept 2023 meeting.
Review of management financial reports	<ul style="list-style-type: none"> Reviewed the quarterly Financial Management Report for the period ending 31 December 2022 at Mar 2023 meeting & the quarterly Financial Management Report for the period ending 31 March 2023 at Jun 2023 meeting.
Review of Council's reporting under the Local Government Performance Reporting Framework	<ul style="list-style-type: none"> Not applicable- Report to be reviewed at Sept 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, 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"> Briefing about the key risk management activities occurring during the period Strategic 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"> Not applicable –A copy of the Enterprise Risk & Opportunity Management Framework (EROMF) was revised and presented to the Sept 2022 meeting. Next review scheduled at Nov 2023 meeting.
Oversight of the monitoring activity of high risk areas by Council	<ul style="list-style-type: none"> People & Safety Dashboard report comprising information on OHS and wellbeing data was presented to the committee at the Jun 2023 meeting. A self assessment on "Cyber Security Governance Principles" was presented to the committee at the Mar 2023 meeting. Cyber Security Dashboard was presented to the committee at the Jun 2023 meeting. A presentation of Cyber Security risk was at the Jun 2023 meeting.
Oversight of management responses to business continuity planning and testing activities	<ul style="list-style-type: none"> An update of the annual penetration testing result was presented to the committee at the Jun 2023 meeting.
Oversight of management activity related to compliance management	<ul style="list-style-type: none"> Not applicable

<i>Charter Responsibility</i>	<i>Activity</i>
<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"> • Procurement Policy • Credit Card Policy • Public interest disclosure Policy • Delegations Manual • Conflict of Interest Policy for non councillor members of the councillors advisory committees
Monitoring the impact of legislative changes on Council's operations	<ul style="list-style-type: none"> • Not applicable - annual attestations will be completed in Sept 2023 and an overall compliance report will be provided to the committee meeting in Nov 2023
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 survey on Victorian local government perception of corruption • VAGO Report: Private pool and spa safety and individual council results • Commission of Inquiry into Moira Shire Council
<i>Internal & External Audit</i>	
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 Interim Management letter was presented to the committee at the Jun 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 provided to the committee at Mar 2023 and Jun 2023 meetings.
<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"> • Not applicable - Committee members will meet with HLB Mann Judd upon the completion of the Sept 2023 committee meeting

<i>Charter Responsibility</i>	<i>Activity</i>																																														
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"> Not applicable - A review of the Charter will commence in July 2023 with changes to be presented to the committee at Sept 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 following the passing of the new Local Government Act 2020 																																														
Assessment of the Committee's performance	<ul style="list-style-type: none"> Not applicable - The self-assessment of the Committee's performance and improvement opportunities for future activities will be completed in September 2023 and presented to the Nov 2023 meeting. 																																														
Involvement in the recruitment of new Committee members Chair & Independent members	<ul style="list-style-type: none"> The appointment of an Independent Audit and Risk Committee member has been completed by April 2023. A briefing paper was provided at the Jun 2023 ARC meeting outlining appointment of a new Independent Member (Binda Gokhale) for commencement on 1 July 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"> Kindergarten enrolment Museum of Australian Photography (MAPh) Fuel Card management Essential Safety Measure Rates Management Leases and Licenses (report being finalised by Crowe) 	<p>The number of recommendations identified for each review is as follows:</p> <ul style="list-style-type: none"> Kindergarten enrolment – 3 Medium, 2 Low Museum of Australian Photography (MAPh) – 4 Medium, 4 Low Fuel Card management – 3 Medium, 4 Low Essential Safety Measures – 4 Medium, 2 Low Rates Management – 4 Medium, 4 Low <p>As of June 2023, there are 49 open audit actions. Please refer to below table.</p> <table border="1"> <thead> <tr> <th rowspan="2">Report</th> <th rowspan="2">Report Date</th> <th colspan="4">Open Actions Priority/ Benefit</th> </tr> <tr> <th>High (A)</th> <th>Medium (B)</th> <th>Low (C)</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Occupational Health & Safety</td> <td>Jun 2021</td> <td>0</td> <td>3</td> <td>0</td> <td>3</td> </tr> <tr> <td>Contract Management</td> <td>Jan 2022</td> <td>0</td> <td>0</td> <td>1</td> <td>1</td> </tr> <tr> <td>Strategic Asset Management</td> <td>Jan 2022</td> <td>1</td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>Various Fin Controls</td> <td>Apr 2022</td> <td>0</td> <td>1</td> <td>0</td> <td>1</td> </tr> <tr> <td>Privacy and Data Protection</td> <td>Apr 2022</td> <td>0</td> <td>5</td> <td>1</td> <td>6</td> </tr> <tr> <td>Risk Management</td> <td>Apr 2022</td> <td>0</td> <td>1</td> <td>5</td> <td>6</td> </tr> </tbody> </table>	Report	Report Date	Open Actions Priority/ Benefit				High (A)	Medium (B)	Low (C)	Total	Occupational Health & Safety	Jun 2021	0	3	0	3	Contract Management	Jan 2022	0	0	1	1	Strategic Asset Management	Jan 2022	1	0	0	1	Various Fin Controls	Apr 2022	0	1	0	1	Privacy and Data Protection	Apr 2022	0	5	1	6	Risk Management	Apr 2022	0	1	5	6
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Occupational Health & Safety	Jun 2021	0	3	0	3																																										
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<i>Charter Responsibility</i>	<i>Activity</i>					
	Kindergarten Enrolments	Feb 2023	0	2	0	2
	Museum of Australian Photography (MAPh)	May 2023	0	4	4	8
	Fuel card Management	May 2023	0	3	4	7
	Essential Safety Measures	May 2023	0	4	2	6
	Rates Management	May 2023	0	4	4	8
	Total Open Items at 13 June 2023		1	27	21	49

Appendix: Attendance of committee members at meetings

Name	Role	Member since	Jan to Jun 2023 Attendance	
Andrew Dix	Independent member (Chair)	July 2019	2 rostered	2 attended
Katie Baldwin	Independent member	July 2017	2 rostered	2 attended
John Watson	Independent member	July 2020	2 rostered	2 attended
Geoff Lake	Councillor	November 2018	2 rostered	2 attended
Tina Samardzija	Councillor	November 2020	2 rostered	1 attended