

5.1 AUDIT AND RISK COMMITTEE SIX MONTHLY ACTIVITIES REPORT

(D22-389606)

Responsible Senior 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 25 November 2022. This outlined the Committee's activities from July to December 2022. This paper (attached) was then finalised and forwarded to the CEO to table at the January 2023 Council meeting.

HUMAN RIGHTS AND GENDER EQUITY CONSIDERATIONS

Officers have conducted a review of the Report and determined that there are no implications arising from the *Charter of Human Rights and Responsibilities Act 2006*. A gender impact assessment has been considered for this report and not been undertaken at this time.

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 2022.

CEO Report to Council on Monash Audit and Risk Committee activities - July to December 2022

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

<i>Charter Responsibility</i>	<i>Activity</i>
Financial and 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 2021-22 Financial Statements and the Performance statement following the external audit conducted by HLB Mann Judd at the Sep 2022 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, Annual Plan and Capital Works Progress Report for the period ending 31 March 2022 (Sep 2022 meeting) and 30 September 2022 (Nov 2022 meeting).
Review of Council's reporting under the Local Government Performance Reporting Framework	<ul style="list-style-type: none"> The 2021/22 Local Government Performance Reporting Framework report and a briefing paper with the key highlights was provided to the committee at the Sep 2022 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"> Strategic Risk Reports Updates and minutes from Risk Management Committee meetings Minutes from Fraud and Corruption Prevention Steering Committee meetings
Review of implementation of the new Enterprise Risk and Opportunity Management framework	<ul style="list-style-type: none"> The Enterprise Risk and Opportunity Management Framework (EROMF) was revised and presented to the Sept 22 meeting. Changes made took into account the findings from the recent Risk Management Internal Audit review.
Oversight of the monitoring activity of high risk areas by Council	<ul style="list-style-type: none"> People and Safety Dashboard report comprising information on OHS and wellbeing data was presented to the committee at the Nov 2022 meeting A Cyber Risk update was provided to the committee at the November meeting
Oversight of management responses to business continuity planning and testing activities	<ul style="list-style-type: none"> An update to the Business Continuity Policy was provided at the November 2022 meeting.

<i>Charter Responsibility</i>	<i>Activity</i>
Oversight of management activity related to compliance management	<ul style="list-style-type: none"> An annual status update on legislative compliance was provided at the Nov 2022 meeting
<i>Internal Control Environment</i>	
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"> Legislative Compliance Framework Enterprise Risk and Opportunity Management Framework Business Continuity Policy
Monitoring the impact of legislative changes on Council's operations	<ul style="list-style-type: none"> Annual attestations were be completed in September 2022 and an overall compliance report was provided to the committee meeting in November 2022
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: Fraud Control Over Local Government Grants
<i>Internal and External Audit</i>	
Review and endorsement of the 2022/23 internal audit plan	<ul style="list-style-type: none"> The 2022/23 Internal audit plan was approved at the June 2022 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 2022 was presented and endorsed by the committee at the March 2022 meeting
Consideration of the outcomes of the external audit	<ul style="list-style-type: none"> HLB Mann Judd's Final Management letter was presented to the committee at the September 2022 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 September meeting with more detailed reports on outstanding audit actions presented at the November 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"> Committee members met with HLB Mann Judd upon the completion of the September 2022 committee meeting
<i>Other key activities included:</i>	

<i>Charter Responsibility</i>	<i>Activity</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"> No further changes were made to the Charter since the amended Charter was endorsed by the Committee at the April 2021 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 and 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"> The self-assessment of the Committee's performance and improvement opportunities for future activities was presented to the November 2022 meeting.
Involvement in the recruitment of new Committee members Chair and Independent members	<ul style="list-style-type: none"> The next appointment of an Independent Committee member will occur in 2023. A briefing paper was provided at the November 2022 meeting outlining reappointment of Independent Member and Chairperson as well as outlining the process to appoint a new 2nd Independent member 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"> Food Act compliance Kindergarten enrolment (report being finalised by Crowe) Fuel Card management ((report being finalised by Crowe) 	<p>The number of recommendations identified for each review is as follows:</p> <ul style="list-style-type: none"> Food Act compliance – 5 Medium, 3 Low

Status of Open Internal Audit Actions	Priority / Benefit			
	High (A)	Medium (B)	Low (C)	Total
Open Actions at 8 September 2022	1	31	15	47
Add New Agreed Actions Reported in the Period	0	5	3	8
Sub Total	1	36	18	55
Less Actions Closed in the Period	(0)	(9)	(5)	(14)
Open Actions at 25 November 2022	1	27	13	41

Summary of outstanding audit actions by review

Report	Report Date	Total Items Reported	Open Actions Priority/ Benefit				Overdue
			High	Medium	Low	Total	
Business Continuity Planning	Feb 2021	4	0	2	0	2	1- Procedure of risk management of disaster/disruption related risks has been developed and is included in the proposed update to the Monash BCP Policy
Occupational Health and Safety	Jun 2021	8	0	2	1	4	1: Draft procedures have been produced for subsequent consultation and ELT endorsement. Progressing towards a target date for full implementation (June 2023).
HR Management	Jan 2022	5	0	2	0	2	
Contract Management	Jan 2022	5	0	3	1	4	
Strategic Asset Management #	Jan 2022	4	1	2	1	4	
Various Fin Controls	Apr 2022	4	0	1	2	4	1- The ITSM tool (Alemba) that is used as the central point for storing asset data\information will be replaced. As part of the replacement a resource will be assigned to check and validate all asset data against records from the Mobile Device Management and Software Centre Configuration Manager systems.
Privacy and Data Protection	Apr 2022	12	0	10	1	11	
Risk Management	Apr 2022	6	0	0	4	4	3. New KPIs have been drafted to be included as an addendum to the Risk Management Framework. These KPIs will be discussed and approved by the Risk Management Committee prior to activation, along with other updates to the Framework. These amendments be considered in early 2023. Investigations on whether it is possible to include Emerging Risks within the CAMMS system is being explored.
Food Act Compliance	Oct 2022	8	0	5	3	8	
Total Open Items at 25 Nov 2022			1	27	16	48	

The High risk rated finding relates to reviewing the purpose and relevance of the Asset Management Steering Group and Asset Management Working Group.

Attendance of committee members at meetings

Name	Role	Member since	Jul to Dec 2022 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	1 attended
Tina Samardzija	Councillor	November 2020	2 rostered	2 attended