

5.2 AUDIT & RISK COMMITTEE SIX MONTHLY ACTIVITIES REPORT

(D22-203768)

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 (LGA 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 LGA 2020, and the revised Audit & Risk Committee Charter, a briefing paper was tabled at the 14 June 2022 Audit & Risk Committee meeting which outlined the Committee's activities from January to June 2022. This report (attached) was then forwarded to the CEO to table at the July 2022 Council meeting.

HUMAN RIGHTS & GENDER EQUITY CONSIDERATIONS

Officers have conducted a review of the Activities 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

In conclusion, as per the requirements of LGA 2020, the CEO recommends to Council attached report outlining the Audit & Risk Committee's activities from January to June 2022.

Monash Audit & Risk Committee activities - January to June 2022

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 2021 (Mar 2022 meeting) & 31 March 2022 (Jun 2022 meeting).
Review of Council's reporting under the Local Government Performance Reporting Framework	<ul style="list-style-type: none"> • Not applicable- reviewed comparisons report
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 • Briefing about the Strategic Risk workshops held for the Risk Management Committee to review the Council Plan Objectives and align with current strategic risks, emerging themes and the internal control environment • Updates & minutes from Risk Management Committee meetings • Impacts of 2022-23 budget initiatives on council risks • Cyber risk assessment – Essential 8 briefing
Review of implementation of the new Enterprise Risk & Opportunity Management framework	<ul style="list-style-type: none"> • Implementation of the Enterprise Risk & Opportunity Management Framework (EROMF) is ongoing and the revision of the latest version EROMF is underway taking 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 & Safety Dashboard report comprising information on OHS and wellbeing data was presented to the committee at the June 2022 meeting • Cyber Risk update- Essential 8 assessment
Oversight of management responses to business continuity planning and testing activities	<ul style="list-style-type: none"> • An update to the committee was provided at the June 2022 meeting on the BCP testing exercise which took place in April 2022.

<i>Charter Responsibility</i>	<i>Activity</i>
Oversight of management activity related to compliance management	<ul style="list-style-type: none"> N/A
<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"> Asset Accounting Policy
Monitoring the impact of legislative changes on Council's operations	<ul style="list-style-type: none"> N/A annual attestations will be completed in September 2022 and an overall compliance report will be provided to the committee meeting in December 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: Results of 2020-21 Local Government Sector VAGO Report: Council Waste Management Services
<i>Internal & 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"> VAGO'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"> VAGO's Interim Management letter was presented to the committee at the June 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 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 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 & 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 was presented to the December 2021 meeting.
Involvement in the recruitment of new Committee members Chair & Independent members	<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"> Various Financial Controls Privacy and Data Protection Risk Management Framework 	<p>The number of recommendations identified for each review is as follows:</p> <ul style="list-style-type: none"> Various Financial Controls – 1 Medium, 3 Low Risk Management Framework- 2 Medium, 4 Low Privacy and Data Protection- 10 Medium, 2 Low

Summary of outstanding audit actions by review

Report	Report Date	Total Items Reported	Open Actions Priority/ Benefit				Overdue
			High	Medium	Low	Total	
Asset Management	Nov 2018	3	0	1	0	1	1 - Council has evolved its Service Planning Framework. This has been presented to ELT and management. It will be reviewed and updated after the first round of service plans are developed. This will ensure adequate controls and measures are in place. Department focused service plans will be completed in 2022/23.
Capital Works Management	Mar 2020	6	0	0	1	1	1- A comprehensive review of the project variation process, approval delegations and management of additional funding needs is underway and will be built into Our Project Place.
Business Continuity Planning	Feb 2021	4	0	2	0	2	1- External provider reviewing requirements
Various Financial Controls	Nov 2020	7	0	0	1	1	1: Last action outstanding relates to the upgrade of the Oracle Finance system which will see the enhancements to functionalities and reporting capabilities as identified in the review- the team is currently undertaking UAT testing.
Emergency Management	Apr 2021	8	0	1	0	1	1: Exercising of the MEMP and sub plans is scheduled for late May following which the Draft Monash MEMP will be updated
Occupational Health & Safety	Jun 2021	8	0	2	3	5	1: A number of ELT sessions have occurred as planned and several procedures have been endorsed. ELT and the People and Safety Team collectively prioritised review timeframes in light of Covid-19 management requirements. Draft procedures are continuing to be produced for consultation and progressing as planned towards these agreed timeframes and with an overall end target date of 30/6/22.
LGA 2020 Implementation & Legislative Compliance	Oct 2021	3	0	2	0	2	
HR Management	Jan 2022	5	0	4	0	4	
Contract Management	Jan 2022	5	0	4	1	5	
Strategic Asset Management #	Jan 2022	4	1	2	1	4	
Various Fin Controls	Apr 2022	4	0	1	3	4	
Privacy and Data Protection	Apr 2022	12	0	10	2	12	
Risk Management	Apr 2022	6	0	2	4	6	
Total Open Items at 14 June 2022			1	31	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	Jan to Jun 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