

### 7.3.4 SIX MONTHLY AUDIT AND RISK ACTIVITY REPORT

<b>Responsible Manager:</b>	Kate Heissenbuttel, Manager Corporate Performance
<b>Responsible Director:</b>	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 provide the six-monthly report on the Audit and Risk Committee’s activities and provide any findings and recommendations in relation to the functions of the Committee as per section 54 of the Local Government Act 2020.

This report was tabled to the Audit and Risk Committee members at its meeting on 13 June 2024.

#### 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 13 June 2024. It outlined the Committee’s activities from January to June 2024. This paper is attached, to be tabled at the July 2024 Council meeting.

#### FINANCIAL IMPLICATIONS

There are no financial implications to this report.

## **POLICY IMPLICATIONS**

There are no policy implications to this report.

## **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 Local Government Act 2020, the CEO presents to Council the Audit and Risk Committee's report of activities from January to June 2024.

## **ATTACHMENT LIST**

1. Six monthly review for Audit Risk Committee Jan to June 2024 [**7.3.4.1** - 4 pages]

The Audit and Risk Committee activities for the reporting period (January to June 2024)

<b>Charter Responsibility</b>	<b>Activity</b>
<b>Financial &amp; Performance Reporting</b>	
Oversight of the preparation of the Annual Financial Report and Annual Performance Statement	Not applicable. The 2023-24 Annual Financial Statements and Annual Performance statement expected to present at the September 2024 meeting.
Review of management financial reports	Reviewed the quarterly Financial Management Report for the period ending 31 December 2023 (March 2024 Meeting) and 31 March 2024 (June 2024 Meeting).
Review of Council’s reporting under the Local Government Performance Reporting Framework	Not applicable, the 2023/24 Local Government Performance Reporting Framework report expected to present as the September 2024 meeting.
Consideration and endorsement of changes in reporting standards and policies	Updates are provided by the Finance Manager on any changes to accounting standard or policies that have impacted council.
<b>Risk Management</b>	
Consideration of regular reports on Council’s risk profile and risk management activity	The following risk reports were provided to the Committee in the past 6 months: <ul style="list-style-type: none"> <li>• Briefing about the key risk management activities occurring during the period including the establishment of risk appetite statement</li> <li>• Strategic risk reports</li> <li>• Top operational risk reports</li> <li>• Minutes from Risk Management Committee meetings</li> <li>• Minutes from Fraud and Corruption Prevention Steering Committee meetings</li> </ul>
Review of implementation of the new Enterprise Risk and Opportunity Management framework	A copy of the Enterprise Risk and Opportunity Management Framework (EROMF) is presented at the June 2024 meeting.
Oversight of the monitoring activity of high risk areas by Council	<ul style="list-style-type: none"> <li>• People and Safety dashboard comprising information on OHS and wellbeing data is presented to the Committee at the June 2024 meeting.</li> <li>• Cyber Security dashboard is presented to the Committee at the June 2024 meeting.</li> </ul>
Oversight of management responses to business continuity planning and testing activities	Not applicable; An update on Business Continuity Crisis Scenario Exercise was presented to the Committee at November 2023 meeting.

<b>Charter Responsibility</b>	<b>Activity</b>
Oversight of management activity related to fraud and corruption	An updated Fraud and Corruption Control Framework with proposed changes was presented to the Committee at November 2023 meeting. The next Fraud and Corruption Prevention Steering Committee is scheduled for August 2024.
<b>Internal Control Environment</b>	
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"> <li>Enterprise Risk Opportunity and Management Framework.</li> </ul>
Monitoring the impact of legislative changes on Council’s operations	An annual status update on legislative compliance report was provided to the Committee at the November 2023 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"> <li>Self-assessment report against VAGO report - Contractors and Consultants in the Victorian Public Service: Spending</li> </ul>
<b>Internal &amp; External Audit</b>	
Consideration of the outcomes of internal audit reviews	Presented at every meeting.
Review and endorsement of the external audit plan	HLB Mann Judd’s Audit Strategy Memorandum was presented and endorsed by the Committee at the March 2024 meeting .
Consideration of the outcomes of the external audit	N/A; HLB Mann Judd’s Audit Closing Report and Final Management letter were presented to the Committee at the September 2023 meeting.
Monitoring the performance of the internal and external audit functions	Ongoing.
Monitoring management performance in closing out audit recommendations	Summary of open actions with management responses provided to the Committee at the November 2023 and June 2024 meetings.
<b>Facilitation of Communication between Audit Functions and Management</b>	
Meeting with the audit functions in the absence of management	Not applicable; Committee members met with HLB Mann Judd upon the completion of the September 2023 meeting.
<b>Other key activities included:</b>	

<b>Charter Responsibility</b>	<b>Activity</b>
Review of the Committee Charter and reporting to Council on recommended improvements as outlined in the Local Government Act 2020	Not applicable; An updated Audit and Risk Committee Charter with proposed changes was presented to the Committee at September 2023 meeting.
Monitoring the impact of legislative change on the Committee's responsibilities	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.
Assessment of the Committee's performance	Not applicable; The self-assessment of the Committee's performance and improvement opportunities for future activities was presented to the November 2023 meeting.
Involvement in the recruitment of new Committee members Chair & Independent members	Not applicable.
Internal Audit Tender activity	A briefing paper which outlines the upcoming Internal Audit Tender activity for Council was presented to the Committee at Nov 2023 meeting. An update on the outcome of the tender is presented at the June 2024 meeting.
<b>Internal Audit Coverage</b>	
<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"> <li>• Recruitment and Selection Practices</li> <li>• Statutory Planning</li> <li>• Immunisation Management</li> <li>• GST Compliance (finalising the report)</li> <li>• Payroll (including Data analytics) (finalising the report)</li> </ul>	<p>During the last 6 months, the following audit reports were finalised with the recommendations identified:</p> <ul style="list-style-type: none"> <li>• Recruitment and Selection Practices – 4 Moderate rated findings</li> <li>• Statutory Planning – 3 Moderate and 2 Low rated findings</li> <li>• Immunisation Management – 4 low rated findings</li> </ul>

**Attendance of committee members at meetings during Jan to June 2024**

<b>Name</b>	<b>Role</b>	<b>Member since</b>	<b>Jan to June 2024 attendance</b>
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<b>Andrew Dix</b>	Independent member (Chair)	July 2019	2 rostered	2 attended
<b>Binda Gokhale</b>	Independent member	July 2023	2 rostered	2 attended
<b>John Watson</b>	Independent member	July 2020	2 rostered	2 attended
<b>Geoff Lake</b>	Councillor	November 2018	2 rostered	2 attended
<b>Tina Samardzija</b>	Councillor	November 2020	2 rostered	2 attended