

### 7.3.3 SIX MONTHLY AUDIT AND RISK COMMITTEE REPORT AND ANNUAL SELF-ASSESSMENT SURVEY

<b>Responsible Manager:</b>	Kate Heissenbuttel, Manager Corporate Performance
<b>Responsible Director:</b>	Simone Wickes, Director Corporate Services

#### RECOMMENDATION

##### That Council

1. **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.**
2. **Notes the annual self assessment of the Audit and Risk Committee’s performance against the Charter.**

#### 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 paper also includes the additional information of the annual self-assessment survey results of the Audit and Risk Committee’s performance against the Charter.

Both reports were tabled to the Audit and Risk Committee members at its meeting on 16 December 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.

The report can be found at Attachment 1.

In accordance with section 54 (4a) of the Local Government Act 2020, the Audit and Risk Committee must undertake an annual assessment of its performance against the Charter and

provide a copy of the annual assessment to the Chief Executive Officer, for tabling at the next Council meeting. The results are provided at Attachment 2.

## **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 16 December 2024. It outlined the Committee's activities from July to December 2024.

This paper, in addition to the self-assessment survey results are attached, to be tabled at the January 2025 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 July to December 2024 and the self-assessment survey results for 2024.

## **ATTACHMENT LIST**

1. Audit and Risk Committee Self Assessment Survey 2024 [7.3.3.1 - 11 pages]

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2. Bi annual report to CEO on activities of Audit Risk Committee June amended [7.3.3.2 - 3 pages]



# Audit and Risk Committee Self-Assessment Survey 2024

## This attachment has three parts:

1. Survey questions, both for ARC members and management
2. ARC member survey findings
3. Monash management survey findings

### 1. Survey questions – for ARC members and management

Theme	Question
<p><b>Charter responsibilities</b></p>	<p><u>ARC Members</u></p> <ol style="list-style-type: none"> <li>1. The Charter articulates the Committee’s roles and responsibilities and provides the Committee with the necessary authority to fulfill them</li> <li>2. The Charter facilitates and supports the effective operation of the Committee.</li> <li>3. During the past 12 months, the Committee has adequately addressed all of its responsibilities as detailed in the Charter</li> </ol> <p><u>Management</u></p> <ol style="list-style-type: none"> <li>1. The Charter facilitates and supports the effective operation of the Committee</li> </ol>
<p><b>Committee member skills and experience</b></p>	<p><u>ARC Members</u></p> <ol style="list-style-type: none"> <li>4. The mix of skills on the Committee allows it to effectively perform its assigned responsibilities</li> <li>5. The Committee’s overall financial literacy is adequate in the light of its responsibilities</li> <li>6. The Committee has responded appropriately or taken the required action where significant risks and/or control breakdowns have been brought to its attention</li> <li>7. The Committee has access to appropriate internal and/or external resources to assist it in understanding and dealing with complex and difficult matters on a timely basis</li> <li>8. The Committee has shown an openness to new ideas and different views in its deliberations</li> <li>9. The Committee members have enough independence to undertake their duties effectively and without bias</li> </ol> <p><u>Management</u></p> <ol style="list-style-type: none"> <li>2. The mix of skills on the Committee allows it to effectively perform its assigned responsibilities</li> <li>3. The Committee’s overall financial literacy is adequate in the light of its responsibilities</li> </ol>



Theme	Question
	<p>4. The Committee has responded appropriately or taken the required action where significant risks and/or control breakdowns have been brought to its attention</p> <p>5. The Committee has shown an openness to new ideas and different views in its deliberations</p> <p>6. The Committee members have enough independence to undertake their duties effectively and without bias</p>
<p><b>Meeting administration and conduct</b></p>	<p><b><u>ARC Members</u></b></p> <p>10. The Committee has had the appropriate number of meetings to properly discharge, and the agenda-setting process ensures all necessary items are included</p> <p>11. Agendas are structured to allow sufficient time to discuss the most complex and critical issues</p> <p>12. Agendas and supporting papers are received in sufficient time prior to meetings</p> <p>13. Committee members have an opportunity to be briefed prior to meetings.</p> <p>14. Agendas and supporting papers are of sufficient clarity and quality to facilitate informed discussion and decision making.</p> <p>15. Conduct of meetings fosters a spirit of challenge amongst Committee members</p> <p>16. Meetings are well run and productive.</p> <p>17. Minutes are appropriately maintained and of good quality.</p> <p><b><u>Management</u></b></p> <p>7. Agendas are structured to allow sufficient time to discuss the most complex and critical issues</p> <p>8. Meetings are well run and productive.</p>
<p><b>Communication with Council and the CEO</b></p>	<p><b><u>ARC Members</u></b></p> <p>18. The CEO and the Council are well informed, on a timely basis, of the Committee’s deliberations and decisions.</p> <p><b><u>Management</u></b></p> <p>9. The CEO and the Council are well informed, on a timely basis, of the Committee’s deliberations and decisions.</p>
<p><b>Management commitment and support</b></p>	<p><b><u>ARC Members</u></b></p> <p>19. Information and briefing papers presented by management (nature, clarity, quality and timeliness) meet the Committee’s expectations</p> <p>20. The Committee has a positive attitude to continuous improvement in its dealings with management.</p> <p><b><u>Management</u></b></p> <p>10. The Committee has a positive attitude to continuous improvement in its dealings with management</p>
<p><b>Committee understanding of Council’s business</b></p>	<p><b><u>ARC Members</u></b></p> <p>21. The Committee fully understands its role in providing oversight over internal financial controls and the wider aspects of the risk management and internal control system.</p>



Theme	Question
	<p>22. The Committee receives sufficient information to understand and assess management’s process for identifying, evaluating and managing risk.</p> <p>23. The relationship between the Audit and Risk Committee and key stakeholders (e.g. the CEO, CFO, auditors, etc.) strike the right balance between challenge and mutuality. The Committee stimulates and enhances management’s thinking and decision making.</p> <p>24. The Committee assists in ensuring the integrity of the Council’s financial statements and other publicly disclosed financial information</p> <p><b>Management</b></p> <p>11. The Committee fully understands its role in providing oversight over internal financial controls and the wider aspects of the risk management and internal control system.</p> <p>12. The relationship between the Audit and Risk Committee and key stakeholders (e.g. the CEO, CFO, auditors, etc.) strike the right balance between challenge and mutuality. The Committee stimulates and enhances management’s thinking and decision making.</p> <p>13. The Committee assists in ensuring the integrity of the Council’s financial statements and other publicly disclosed financial information</p> <p>14. Reporting requested from, and discussion with, management by members is reasonable and appropriate given the operating environment</p>
Internal audit	<p><b>ARC Members</b></p> <p>25. The Committee appropriately reviewed and approved the internal audit plan</p> <p>26. The Committee considered the adequacy of internal audit resources.</p> <p>27. The Committee appropriately reviewed and approved any significant changes to the internal audit plan</p> <p>28. The Committee appropriately considered the performance of internal audit</p> <p>29. The Committee addressed its responsibilities in respect of its review and consideration of internal audit reports and identified issues</p> <p><b>Management</b></p> <p>15. The Committee addressed its responsibilities in respect of its review and consideration of internal audit reports and identified issues</p>
External audit	<p><b>ARC Members</b></p> <p>30. Committee appropriately considered and understood the external audit plan.</p> <p>31. The committee reviewed external audit reports and management letters and considered management responses to findings and recommendations</p> <p>32. The Committee provided input and feedback on external audit coverage and performance</p> <p><b>Management</b></p> <p>16. Committee appropriately considered and understood the external audit plan.</p>



Theme	Question
	17. The committee reviewed external audit reports and management letters and considered management responses to findings and recommendations 18. The Committee provided input and feedback on external audit coverage and performance

## 2. ARC member survey findings

Theme: Charter Responsibilities				
Question	Yes	To a degree	No	Unable to assess
1. The Charter articulates the Committee’s roles and responsibilities and provides the Committee with the necessary authority to fulfill them	2	1	0	0
2. The Charter facilitates and supports the effective operation of the Committee.	2	0	1	0
3. During the past 12 months, the Committee has adequately addressed all of its responsibilities as detailed in the Charter	2	0	1	0



Theme: Committee's Skills and Experience				
Question	Yes	To a degree	No	Unable to assess
4. The mix of skills on the Committee allows it to effectively perform its assigned responsibilities	2	0	1	0
5. The Committee's overall financial literacy is adequate in the light of its responsibilities	2	0	1	0
6. The Committee has responded appropriately or taken the required action where significant risks and/or control breakdowns have been brought to its attention	3	0	0	0
7. The Committee has access to appropriate internal and/or external resources to assist it in understanding and dealing with complex and difficult matters on a timely basis	3	0	0	0
8. The Committee has shown an openness to new ideas and different views in its deliberations	3	0	0	0
9. The Committee members have enough independence to undertake their duties effectively and without bias	3	0	0	0





Theme: Meeting administration and conduct				
Question	Yes	To a degree	No	Unable to assess
10. The Committee has had the appropriate number of meetings to properly discharge, and the agenda-setting process ensures all necessary items are included	3	0	0	0
11. Agendas are structured to allow sufficient time to discuss the most complex and critical issues	3	0	0	0
12. Agendas and supporting papers are received in sufficient time prior to meetings	3	0	0	0
13. Committee members have an opportunity to be briefed prior to meetings.	2	1	0	0
14. Agendas and supporting papers are of sufficient clarity and quality to facilitate informed discussion and decision making.	3	0	0	0
15. Conduct of meetings fosters a spirit of challenge amongst Committee members	2	1	0	0
16. Meetings are well run and productive.	3	0	0	0
17. Minutes are appropriately maintained and of good quality.	3	0	0	0

Theme: Communication with Council and the CEO				
Question	Yes	To a degree	No	Unable to assess
18. The CEO and the Council are well informed, on a timely basis, of the Committee's deliberations and decisions.	2	1	0	0



<b>Theme: Management Commitment and Support</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
19. Information and briefing papers presented by management (nature, clarity, quality and timeliness) meet the Committee's expectations	3	0	0	0
20. The Committee has a positive attitude to continuous improvement in its dealings with management.	3	0	0	0

<b>Theme: Committee understanding of Council's business</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
21. The Committee fully understands its role in providing oversight over internal financial controls and the wider aspects of the risk management and internal control system.	2	1	0	0
22. The Committee receives sufficient information to understand and assess management's process for identifying, evaluating and managing risk.	2	1	0	0
23. The relationship between the Audit and Risk Committee and key stakeholders (e.g. the CEO, CFO, auditors, etc.) strike the right balance between challenge and mutuality. The Committee stimulates and enhances management's thinking and decision making.	3	0	0	0
24. The Committee assists in ensuring the integrity of the Council's financial statements and other publicly disclosed financial information	3	0	0	0



Theme: Internal Audit				
Question	Yes	To a degree	No	Unable to assess
25. The Committee appropriately reviewed and approved the internal audit plan	3	0	0	0
26. The Committee considered the adequacy of internal audit resources.	2	0	0	1
27. The Committee appropriately reviewed and approved any significant changes to the internal audit plan	3	0	0	0
28. The Committee appropriately considered the performance of internal audit	2	0	0	1
29. The Committee addressed its responsibilities in respect of its review and consideration of internal audit reports and identified issues	2	1	0	0

Theme: External Audit				
Question	Yes	To a degree	No	Unable to assess
30. Committee appropriately considered and understood the external audit plan.	2	0	0	0
31. The committee reviewed external audit reports and management letters and considered management responses to findings and recommendations	2	0	0	1
32. The Committee provided input and feedback on external audit coverage and performance	3	0	0	0



3. Monash management survey findings

Theme: Charter Responsibilities				
Question	Yes	To a degree	No	Unable to assess
1. The Charter facilitates and supports the effective operation of the Committee	6	1	0	0

Theme: Committee's Skills and Experience				
Question	Yes	To a degree	No	Unable to assess
2. The mix of skills on the Committee allows it to effectively perform its assigned responsibilities	5	0	1	0
3. The Committee's overall financial literacy is adequate in the light of its responsibilities	5	1	0	0
4. The Committee has responded appropriately or taken the required action where significant risks and/or control breakdowns have been brought to its attention	4	1	0	1
5. The Committee has shown an openness to new ideas and different views in its deliberations	4	2	0	0
6. The Committee members have enough independence to undertake their duties effectively and without bias	5	1	0	0



<b>Theme: Meeting administration and conduct</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
7. Agendas are structured to allow sufficient time to discuss the most complex and critical issues	5	1	0	0
8. Meetings are well run and productive.	5	1	0	0

<b>Theme: Communication with Council and the CEO</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
9. The CEO and the Council are well informed, on a timely basis, of the Committee's deliberations and decisions.	5	1	0	0

<b>Theme: Management Commitment and Support</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
10. The Committee has a positive attitude to continuous improvement in its dealings with management.	5	1	0	0



<b>Theme: Committee understanding of Council's business</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
11. The Committee fully understands its role in providing oversight over internal financial controls and the wider aspects of the risk management and internal control system.	5	1	0	0
12. The relationship between the Audit and Risk Committee and key stakeholders (e.g. the CEO, CFO, auditors, etc.) strike the right balance between challenge and mutuality. The Committee stimulates and enhances management's thinking and decision making.	5	1	0	0
13. The Committee assists in ensuring the integrity of the Council's financial statements and other publicly disclosed financial information	5	1	0	0
14. Reporting requested from, and discussion with, management by members is reasonable and appropriate given the operating environment	5	1	0	0

<b>Theme: Internal Audit</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
15. The Committee addressed its responsibilities in respect of its review and consideration of internal audit reports and identified issues	5	1	0	0

<b>Theme: External Audit</b>				
<b>Question</b>	<b>Yes</b>	<b>To a degree</b>	<b>No</b>	<b>Unable to assess</b>
16. Committee appropriately considered and understood the external audit plan.	5	1	0	0
17. The committee reviewed external audit reports and management letters and considered management responses to findings and recommendations	5	1	0	0
18. The Committee provided input and feedback on external audit coverage and performance	5	1	0	0

Bi-annual report on activities of the Audit and Risk Committee (July-December 2024)

<b>Charter Responsibility</b>	<b>Activity</b>
<b>Financial and Performance Reporting</b>	
Oversight of the preparation of the Annual Financial Report and Annual Performance Statement	The 2023-24 Annual Financial Statements and Annual Performance statement were reviewed at the September 2024 meeting.
Review of management financial reports	Quarterly financial management reports reviewed at September 2024 and December 2024 meetings.
Review of Council's reporting under the Local Government Performance Reporting Framework	The 2023/24 Local Government Performance Reporting Framework report was reviewed at 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 as part of the quarterly financial management reports.
<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	N/A (The updated Enterprise Risk and Opportunity Management Framework (EROMF) was 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 for December 2024 meeting.</li> <li>• Cyber Security dashboard is presented to the Committee for December 2024 meeting.</li> </ul>

<b>Charter Responsibility</b>	<b>Activity</b>
Oversight of management responses to business continuity planning and testing activities	An update on Business Continuity Crisis Scenario Exercise is presented to the Committee for December 2024 meeting.
Oversight of management activity related to fraud and corruption	The Fraud and Corruption Prevention Steering Committee meeting was facilitated in August 2024, with an additional out of session meeting occurring on 17 October 2024. A newly developed Fraud and Corruption Prevention Scorecard is finalised and presented to the committee for review for December 2024 meeting.
<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>• Compliance Management Framework</li> </ul>
Monitoring the impact of legislative changes on Council's operations	N/A. (An annual status update on legislative compliance report was provided to the Committee at the 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 include: <ul style="list-style-type: none"> <li>• Self-assessment report against Operation Leo IBAC</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	N/A. (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	HLB Mann Judd's Audit Closing Report and Final Management letter were presented to the Committee at the September 2024 meeting.
Monitoring the performance of the internal and external audit functions	Ongoing.
Monitoring management performance in closing out audit recommendations	Presented at every meeting.
<b>Facilitation of Communication between Audit Functions and Management</b>	



<b>Charter Responsibility</b>	<b>Activity</b>
Meeting with the audit functions in the absence of management	Committee members met with HLB Mann Judd upon the completion of the September 2024 meeting.
<b>Other key activities included:</b>	
Review of the Committee Charter and reporting to Council on recommended improvements as outlined in the Local Government Act 2020	N/A (The updated Audit and Risk Committee Charter with proposed changes was presented to the Committee at September 2023 meeting. The next review date is September 2025).
Monitoring the impact of legislative change on the Committee’s responsibilities	N/A for this reporting period.
Assessment of the Committee’s performance	The self-assessment of the Committee’s performance and improvement opportunities for future activities is presented for December 2024 meeting.
Involvement in the recruitment of new Committee members Chair and Independent members	N/A
Internal Audit Tender activity	N/A
<b>Internal Audit Coverage</b>	
The Committee has continued to work towards a closer alignment of the internal audit plan with Council’s strategic risk profile. No Internal audit reviews have been completed during the last 6 months.	N/A

**Attendance of committee members at meetings during July to December 2024**

<b>Name</b>	<b>Role</b>	<b>Member since</b>	<b>June to Dec 2024 attendance</b>	
<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	1 rostered	0 attended
<b>Nicky Luo</b>	Councillor	November 2024	1 rostered	1 attended