

AUDIT AND RISK COMMITTEE

CHAIR'S BI-ANNUAL REPORT TO COUNCIL - MAY 2021

PURPOSE

The purpose of this report is to provide to Council the first bi-annual report on the activities of Council's Audit & Risk Committee in accordance with the Local Government Act 2020.

BACKGROUND

Section 54(5) of the Local Government Act 2020 requires the Audit and Risk Committee to prepare a bi-annual report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations. A copy of the report is required to be provided to Council's Chief Executive Officer for tabling at the next Council meeting.

As this report is the first bi-annual report to Council it covers the five-month period from January to May 2021.

REPORT TO COUNCIL

Audit and Risk Committee Charter

The Audit and Risk Committee Charter sets out the Committee's objectives, authority, composition, responsibilities, and reporting obligations. The Charter was reviewed and revised by the Committee in 2020 (and subsequently adopted by Council) to ensure compliance with the Local Government Act 2020.

The primary function of the Audit and Risk Committee as stated in the Charter is to monitor:

- Compliance of Council Policies and procedures with the Act
- Council's financial and performance reporting
- Council's Risk Management and Fraud prevention systems and controls, and
- Oversee Council's internal and external audit functions.

Audit and Risk Committee Membership

The Committee comprises three external independents and two Councillors with full voting rights. The Committee is chaired by one of the three external independents.

The Committee met twice during the reporting period (on 17 February 2021 and 12 May 2021).

The following table provides details of the Committee members and the number of meetings attended during the reporting period.

Audit and Risk Committee Member	Position	Meetings Attended/ Meetings Eligible
Robert Tommasini	Chair, Independent external member	2/2
Farshan Mansoor	Independent external member	2/2
Celeste Gregory	Independent external member	2/2
Cr Kathy Majdlik	Councillor/Mayor	2/2
Cr Julie Shannon	Councillor	2/2

The members of the Committee provide Council with a diverse and complimentary skill set including financial, legal, risk management and local government expertise.

All Audit and Risk Committee recommendations recorded in the Minutes of Meetings were presented to Council for consideration at the next ordinary meeting of Council.

Local Government Act 2020 Implementation

Since the commencement of the Local Government Act 2020 in April 2020, the Committee has received a standing report on implementation of compliance obligations contained in the Act. All obligations are reported as having been met to date.

Appointment of Internal Auditors

Following the expiry of Council's previous internal audit service providers (Oakton Services) in mid-2020, a comprehensive tender process was undertaken in accordance with Council's tendering procedures, resulting in the appointment of Moore Australia on a three-year contract commencing on 1 January 2021.

Internal Audit

The process for identifying and choosing areas recommended for internal audit conform to widely accepted general practice in local government. The key steps in the process are:

- Internal Auditors and CEO develop a list of potential audits to be undertaken over the term of the Auditors' engagement based on the Auditors' experience of common audits in local government and tested against Council's Strategic Risk Register
- Draft Audit Plan presented to Audit and Risk Committee for review and discussion
- Audit and Risk Committee recommend adoption of the program to Council
- Audit Plan adopted by Council (under CEO delegation).

The Audit Plan for the period 2021-2023 was agreed at the February 2021 Committee meeting. Progress against the adopted Audit Plan is monitored and reviewed at each Committee meeting.

In accordance with the adopted Plan a comprehensive Internal Audit on Councils Capital Projects Framework was presented to the Committee at its May 2021 meeting. The report details 27 recommendations (23 High Risk and 4 Medium Risk), all of which were accepted by Management for implementation over the next 12 months. Implementation of the agreed actions will be monitored by the Committee.

Outstanding audit recommendations from previous audits are closely monitored by the Committee, and reviewed at each meeting.

The remaining planned audits for 2021/2023 are as follows:

- Review of Integrity Framework
- COVID Lessons Learned and Controls Validation
- Expenses Review
- Procurement
- ICT Security and System Controls
- Developer and Investment Contributions
- Contract Management
- Asset Management
- Privacy and Data Management
- Payroll Review.

External Audit

During the reporting period the Committee reviewed and accepted the VAGO External Audit Strategy for 2020-21.

External Reports

During the reporting period the Committee also reviewed a number of reports of relevance to local government, and considered the impact on Council of any recommendations arising from such reports. The reports reviewed were:

- VAGO – “Sexual Harassment in Local Government”
- VAGO – “Results of 2019-20 Local Government Audits”
- VAGO – “Managing Local Roads”.

Committee Performance

As required by its Charter, the Committee is required to undertake a self-assessment of its performance measured against the committee’s obligations as detailed in the Charter. The self-assessment is scheduled for late 2021.

Conclusion

The Committee has in my opinion discharged its Charter responsibilities during the reporting period, and performed a valuable oversight and guidance role for Council.

Robert Tommasini

Chair, Audit and Risk Committee

20 May 2021.