

7.8 Bi-annual Report from the Audit and Risk Committee

Executive Summary

Purpose

This report presents to Council the 30 June 2022 Bi-annual Report from the Audit and Risk Committee as required by Section 54 (5) of the Local Government Act 2020.

Background

Section 54 (5) of the Local Government Act 2020 ('the Act') states:

"An Audit and Risk Committee must:

- 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."

Key Issues

The attached Bi-annual Report from the Audit and Risk Committee (**Attachment 1**) was approved by the Chair of the Audit and Risk Committee for tabling at this Council meeting.

Next Steps

The Audit and Risk Committee will continue to prepare biannual audit and risk reports for tabling at future Council meetings.

Officers' recommendation

That Council resolve to note the tabling of the Bi-annual report from the Audit and Risk Committee as required by section 54(5) of the Local Government Act 2020 as contained in **Attachment 1** (as annexed to the minutes).

Responsible officer: **Phillip Storer, Chief Executive Officer**

1. Purpose

To present to Council the 30 June 2022 Bi-annual Report from the Audit and Risk Committee as required by Section 54 (5) of the *Local Government Act 2020*.

2. Policy implications and relevance to community plan and council plan

As detailed in the Council Plan and the Boroondara Community Plan. In particular Objective 7 “Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation”.

Strategy 7.2: Ensure transparent decision making through open governance processes.

Strategy 7.5: Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs.

3. Background

Section 54 (5) of the *Local Government Act 2020* (‘the Act’) states:

“An Audit and Risk Committee must:

- 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.”

4. Outline of key issues/options

The attached Bi-annual Report from the Audit and Risk Committee (**Attachment 1**) was approved by the Chair of the Audit and Risk Committee for tabling at this Council meeting.

5. Consultation/communication

Members of Council’s Audit and Risk Committee were consulted during the preparation of this Council report.

6. Financial and resource implications

Council's operating budget provides funds for the Internal Audit Program and for implementation costs associated with Audit recommendations.

7. Governance issues

Officers involved in the preparation of this report have no conflict of interest.

The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's

Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

8. Social and environmental issues

The contents of this report are consistent with Council's desire to provide solid financial and governance frameworks to support the enhancement of urban environmental and social amenity.

9. Conclusion

This report presents to Council the 30 June 2022 Bi-Annual Report from the Audit and Risk committee as required by the *Local Government Act 2020*.

Manager: **Bryan Wee, Manager Governance and Legal**

Second Biannual audit and risk report describing the activities of the Audit and Risk Committee and its findings and recommendations.

Introduction

Section 54 (5) of the *Local Government Act 2020* ('the Act') states:

"An Audit and Risk Committee must:

- (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.

This report has been prepared following the June 2022 Audit and Risk Committee meeting. The next Biannual report will be prepared in December 2022 following the November 2022 Audit and Risk Committee meeting.

Establishment of Audit and Risk Committee

Following adoption of the Act, a new Audit and Risk Committee was established by Council at its meeting of 24 August 2020. A new Audit and Risk Committee Charter was adopted ensuring Council complied with relevant provisions of the Act.

Membership and attendance during the reporting period

Membership of the Audit and Risk Committee during the reporting period comprised:

- Cr Cynthia Watson
- Cr Nick Stavrou
- Mr John Watson (Chair)
- Ms Fiona Green
- Ms Freya Marsden

All members attended both meetings held during the reporting period.

Meetings of the Audit and Risk Committee and findings and recommendations.

During the reporting period the following meetings of the Audit and Risk Committee have been held:

30 March 2022

Agenda items considered:

1. Standard Questions for Tabling at the Audit and Risk Committee meetings.
2. Business Arising.
3. Audit and Risk Committee Administrative Matters.

4. Internal Audit Review - Building Inspections and Swimming Pool Registrations.
5. COVID-19 Update.
6. Internal Audit Review - Records Management.
7. Three-year Strategic Internal Audit Plan.
8. Internal Audit Update.
9. Reports to Parliament by VAGO and other regulatory authorities.
10. Risk Management Update.
11. Update - Implementation of Business Continuity Planning.
12. Annual IT Security Testing Update.

1 June 2022

Agenda items considered:

1. Standard Questions for tabling at Audit and Risk Committee meetings.
2. Quarterly Performance Report.
3. Business Arising.
4. External Audit Plan for the year ending 30 June 2022.
5. Audit and Risk Committee Administrative Matters.
6. COVID-19 Update.
7. Internal Audit Report - Human Resource Management.
8. Internal Audit Report - Follow-Up.
9. Asset Accounting Policy.
10. Internal Audit Update.
11. Risk Management Update.
12. Annual Review of Audit and Risk Committee Charter and Annual Work Program.
13. IT Security Update.

The relevant findings and recommendations from each meeting have been reported to Council through the respective Council reports entitled "Recommendations of Audit and Risk Committee Meeting" which have been presented to Council after each Audit and Risk Committee meeting.

Responding to Emerging Risks

The Committee, and management, continue to pay close attention to identifying and reviewing emerging risks. During the reporting period, the Committee requested reports covering cyber security and information privacy and reviewed Council's management of these key risks. The Committee also received briefings at each meeting on Council's response to the COVID-19 Pandemic.

A new standing agenda item "Chief Executive Officer Update" has been introduced to enable the Committee to be briefed on current and emerging issues within the municipality and organisation. The Committee's Agenda

Papers now provide formal opportunity to review the Quarterly Performance Report prepared by Management. This inclusion expands the Committee's ability to monitor Council's financial and non-financial performance.

Internal Audit

Council's contracted provider of Internal Audit services is Pitcher Partners. Each meeting of the Committee provides opportunity for the Committee to meet 'in camera' with the Internal and External Auditors in the absence of management.

All Internal Audit report recommendations are recorded on a register with their appropriate implementation actions and timeframes. This register of actions is formally followed up and progress is reported to the Committee at each meeting.

The progress of Internal Audit recommendations during the reporting period can be summarised as:

	High	Medium	Low	Total
Number open at start of reporting period	0	3	1	4
Number added during reporting period	2	14	7	23
Number completed during reporting period	0	10	4	14
Number open at end of reporting period	2	7	4	13

The Committee notes management has shown diligence in implementing internal audit recommendations in a prompt and accountable manner.

Annual assessment of performance of the Audit and Risk Committee

Section 54 (4) of the *Local Government Act 2020* ('the Act') states:

An Audit and Risk Committee must—

- (a) undertake an annual assessment of its performance against the Audit and Risk Committee Charter; and
- (b) provide a copy of the annual assessment to the Chief Executive Officer for tabling at the next Council meeting.

To assist the Committee, meet this obligation, the next annual self-assessment performance survey will be completed by the Committee in November 2022.

Conclusion

The Committee looks forward to continuing to fulfil its role and working with management, Council, and its auditors during the 2022-23 financial year and will provide its next Biannual report in December 2022 following the November 2022 Audit and Risk Committee meeting.

John Watson
Chair Audit and Risk Committee
July 2022