

7.7 Recommendations of Audit and Risk Committee Meeting

Executive Summary

Purpose

This report presents the recommendations of the most recent Audit and Risk Committee meeting for consideration by Council. A schedule of reports and committee recommendations is presented as an attachment to this report.

Background

The most recent meeting of the Audit and Risk Committee was held on 8 September 2022. This report presents the findings and recommendations from that meeting for consideration by Council.

Key Issues

As recorded in the minutes of the Audit and Risk Committee meeting held on 8 September 2022 the following reports were tabled:

- A5.1 Standard Questions for Tabling at Audit and Risk Committee Meetings
- A5.2 Business Arising
- A5.3 Audit and Risk Committee Administrative Matters
- A5.4 Risk Management Update
- A5.5 Internal Audit Report - Asset Management
- A5.6 Internal Audit Report - Business Continuity
- A5.7 Internal Audit Update
- A5.8 Reports from VAGO and Other Regulatory Authorities
- A5.9 Annual Update - Activities of the Fraud Control Group
- A5.10 Annual Update - Management of Health and Safety
- A5.11 COVID-19 Update
- A5.12 Transforming Boroondara - Project Update and Audit update
- A5.13 Outcomes of Legal and Ethical Certification Program
- A5.14 Annual Financial Statements and Performance Statement for the year ended 30 June 2022
- A5.15 Employee Engagement Survey Results

A Special Audit Report Agenda Item 8 was also received and noted by the Audit and Risk Committee.

A summary of the content of the reports tabled and identification of the required Council action is contained in **Attachment 1**.

Next Steps

The next meeting of Council's Audit and Risk Committee will be held 17 November 2022.

Officers' recommendation

That Council resolve to adopt the resolutions recommended to Council contained in **Attachment 1** as annexed to the minutes, reflecting the recommendations from the Audit and Risk Committee meeting held on 8 September 2022.

Responsible manager: Bryan Wee, Manager Governance and Legal

1. Purpose

To present to Council the recommendations of the Audit and Risk Committee meeting held on 8 September 2022. A schedule of reports and committee recommendations is presented as an attachment to this report.

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

The Audit and Risk Committee Charter provides that recommendations of the Audit and Risk Committee are not binding until considered and adopted by Council.

3. Background

Council's Audit and Risk Committee was established on 24 August 2020 when Council resolved to adopt the 'Audit and Risk Committee Charter 2020'.

The most recent meeting of the Audit and Risk Committee was held on 8 September 2022. This report presents the findings and recommendations from that meeting for consideration by Council.

Full copies of papers presented to the Audit and Risk Committee can be accessed by Councillors via the Councillor Portal. Assistance in locating these papers can be provided by the Governance and Legal Department.

4. Outline of key issues/options

As recorded in the minutes of the Audit and Risk Committee meeting held on 8 September 2022 the following reports were tabled:

- A5.1 Standard Questions for Tabling at Audit and Risk Committee Meetings
- A5.2 Business Arising
- A5.3 Audit and Risk Committee Administrative Matters
- A5.4 Risk Management Update
- A5.5 Internal Audit Report - Asset Management
- A5.6 Internal Audit Report - Business Continuity
- A5.7 Internal Audit Update
- A5.8 Reports from VAGO and Other Regulatory Authorities
- A5.9 Annual Update - Activities of the Fraud Control Group
- A5.10 Annual Update - Management of Health and Safety
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5. Consultation/communication

Members of Council's Audit and Risk Committee and external and internal auditors were consulted during the preparation of Audit and Risk Committee reports referred to within 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 these 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 recommendations of the Audit and Risk Committee meeting held on 8 September 2022.

Manager: Bryan Wee, Manager Governance and Legal

**Summary of reports tabled at Audit and Risk Committee meeting held
8 September 2022**

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
4	Chief Executive Officer Update	<p>The Chief Executive Officer informed the Audit and Risk Committee of an issue that has arisen in the organisation involving the receipt of payments. The Chief Executive Officer explained that in rare situations payments are made by owners who have sold the property in question. Said payment would then sit on Council's books and will eventually be credited back but to the new owner. The Chief Executive Officer emphasised that the problem is that the current owner was not the person who made the initial payment to Council. The following matters were discussed:</p> <ul style="list-style-type: none"> • The total amount of funds eligible • The process put in place by the organisation to prevent and manage issue • Categories of properties impacted • Possibility of informing affected people • Effectiveness of current process 	Council note the Chief Executive Officer's update.
A5.1	Standard Questions for Tabling at the Audit and Risk Committee meetings.	<p>Audit and Risk Committee Members were given the opportunity to:</p> <ol style="list-style-type: none"> 1. Ask Auditors present if their work had been obstructed in any way. Auditors present responded that no obstructions had been experienced. 2. Ask if there were any matters such as breach of legislation or practices that need to be brought to the attention of the Audit and Risk Committee. No matters were identified. 3. Request a discussion of any matter with the Auditors in the absence of management and other staff. No discussion was held and no matters were identified. 	Council note the Officers, Auditors and Members had no matters to raise in response to the standard questions outlined in this report.

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
A5.2	Business Arising	This report updated the Audit and Risk Committee on matters raised at previous meetings and provided follow up information on queries raised by Committee members. The Committee noted the actions taken in response to matters arising from the minutes of the previous meeting.	Council note the actions taken in response to matters arising from the minutes of previous meeting.
A5.3	Audit and Risk Committee Administrative Matters	This report updated the Audit and Risk Committee regarding administrative matters identified at previous Audit and Risk Committee meetings.	Council receive and accept the report.
A5.4	Risk Management Update	This report updated the Audit and Risk Committee on the status of Risk Management activities undertaken during the reporting period including a summary of insurance arrangements and active insurance claims for the purposes of s 54(2)(c) of the Local Government Act 2020.	Council receive and accept the report.
A5.5	Internal Audit Report - Asset Management	<p>This report updated the Audit and Risk Committee on the outcomes of the Internal Audit review of Council's Asset Management processes and key controls. The review was conducted in accordance with the Council adopted Strategic Internal Audit Plan.</p> <p>The internal audit report assesses the maturity of Council's policies, processes, and structures to govern Asset Management as being within the 'Established' threshold. Based on Council's Risk Management Framework the report assigns the residual risk as 'Medium'.</p> <p>The report provides four audit recommendations to further strengthen controls and processes over Asset Management. Management has agreed with the audit recommendations and provided commentary and implementation dates in the report.</p>	Council receive and accept the report.

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
A5.6	Internal Audit Report - Business Continuity	<p>This report updated the Audit and Risk Committee on the outcomes of the Internal Audit review of Council's Business Continuity Planning processes and key controls. The review was conducted in accordance with the Council's adopted Strategic Internal Audit Plan.</p> <p>The internal audit report assesses the maturity of Council's policies, processes, and structures to govern Business Continuity Planning as being within the 'Established' threshold. Based on Council's Risk Management Framework the report assigns the residual risk as 'Moderate.'</p> <p>The report provides one audit recommendation to further strengthen controls and processes over Business Continuity Planning and one recommendation to support continuous improvement. Management has agreed with the audit recommendations and provided commentary and implementation dates in the report.</p>	Council receive and accept the report.
A5.7	Internal Audit Update	This report updated the Audit and Risk Committee on the progress of the internal audit plan and status of audit recommendations arising from finalised internal audit reports.	Council receive and accept the report.
A5.8	Reports from VAGO and Other Regulatory Authorities	This report updated the Audit and Risk Committee on the reports to State Parliament by the Victorian Auditor-General's Office (VAGO) and other regulatory bodies with a local government impact or context.	Council receive and accept the report.
A5.9	Annual Update - Activities of the Fraud Control Group	This report updated the Audit and Risk Committee on the activities of the Fraud Control Group ('the Group') during the 2021-22 financial year.	Council receive and accept the report.

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
A5.10	Annual Update - Management of Health and Safety	<p>This report updated the Audit and Risk Committee on Council's overall health, safety, and wellbeing (HSW) performance and management.</p> <p>The Health, Safety and Wellbeing Strategy 2020 - 2023 outlines Council's approach to ensuring the wellbeing of its people, by providing a simple and easy to access framework to address health and safety and ensure the resulting environment impacts positively on both our workforce and the community.</p> <p>Continued focus to managing the COVID-19 pandemic has meant a strong emphasis on the provision of mental health and wellbeing programs and support for a safe and effective hybrid working model but did allow some physical wellbeing initiatives to run with significant participation from staff.</p>	Council receive and accept the report.
A5.11	COVID-19 Update	<p>Inclusion of this item in the agenda for the Audit and Risk Committee meeting provides an opportunity for the Committee to be briefed on Council's response to the COVID-19 Pandemic.</p> <p>Due to the dynamic nature of the Pandemic and Council's response, a verbal update is provided at each Audit and Risk Committee meeting.</p> <p>Explanatory notes to support the verbal updates were provided by the Manager Liveable Communities (Municipal Pandemic Coordinator) and Executive Manager, People Culture and Development.</p>	Council receive and accept the report.

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
A5.12	Transforming Boroondara - Project Update and Audit update	<p>This report updated the Audit and Risk Committee on the progress of the Transforming Boroondara Program. The Transforming Boroondara Program comprises 3 key objectives - customer value, core applications and services and process optimisation and capability uplift. Each of the objectives is supported by initiatives including technology uplift, people and culture and process improvement. The program is supported by a roadmap that prioritises the delivery of the new Target Operating Model, enabling a strong focus on customer experience and delivering agreed community and financial benefits.</p> <p>Overall, the Transforming Boroondara Program is tracking behind schedule with the progress at 47% against the 52% expected progress. Budget is currently underspent, however, with contractual commitments and projected spend, it is tracking to target overall. Benefits are tracking ahead of target.</p>	Council receive and accept the report.
A5.13	Outcomes of Legal and Ethical Certification Program	<p>The Audit and Risk Committee Annual Work Plan requires the Manager Governance and Legal to provide a written report to the Audit and Risk Committee on legal and ethical compliance.</p> <p>A certification statement was circulated to all managers. The certification statement covers the period 1 July 2021 to 30 June 2022. There has been a 100% return of completed certification statements.</p> <p>The legal and ethical certification program has not identified any issues which suggest adverse systemic or organisational wide trends.</p>	Council receive and accept the report.
A5.14	Annual Financial Statements and Performance Statement for the year ended 30 June 2022	This report presented to the Audit and Risk Committee the Annual Financial Statements and Performance Statement for the year ended 30 June 2022.	Council resolved this report as a standalone item on 24 September 2022. No further resolution required.

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
A5.15	Employee Engagement Survey Results	This report updated the Audit and Risk Committee on Council's overall employee engagement.	Council receive and accept the report.
8	Special Audit Report	This report was provided to Audit and Risk Committee Members only.	Council acknowledge that the Audit and Risk Committee received and noted the report.