

## AUDIT AND RISK MANAGEMENT COMMITTEE BI-ANNUAL REPORT

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Report Author: Executive Officer Governance, Risk & Compliance

Responsible Officer: Director Corporate Services

Ward(s) affected: (All Wards);

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

### PURPOSE

The Audit and Risk Management Committee presents its bi-annual report providing an outline of the Committee's activities and highlights for the period 1 January 2023 to 31 May 2023.

### RECOMMENDATION

***That Council notes the Audit and Risk Management Committee Bi-Annual Report for the period 1 January 2023 to 31 May 2023.***

### BI-ANNUAL REPORT

#### ***Background***

The Audit and Risk Management Committee (the Committee) has been established by Council under Section 53 of the *Local Government Act 2020 (the Act)* (and previously Section 139 of the *Local Government Act 1989*). It is the responsibility of the Committee to provide Council with independent, objective advice and assurance on the adequacy of management arrangements as set out in the Audit and Risk Management Committee Charter (the Charter).

The Charter requires that the Committee prepare a report every six months that describes their activities in relation to:

- A summary of the work the Committee performed to fully discharge its responsibilities;

- A summary of management's progress in addressing the results of internal and external audit engagement reports;
- An overall assessment of management's risks, controls, and compliance processes, including details of any significant emerging risks or legislative changes impacting the organisation;
- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended; and
- Provide information required, if any, by new or emerging corporate governance developments.

Pursuant to section 54(2) of the Act, the Committee assists the Council and management by providing advice and guidance on the adequacy of initiatives for:

- Compliance management;
- Governance structure;
- Risk management and fraud prevention;
- Internal control framework;
- Oversight of the internal audit activity, external auditors, and other providers of assurance; and
- Financial statements, performance, and public accountability reporting.

The Charter requires that the Committee has up to five members, including both Councillor (two members) and external independent representatives (three members), with the majority being independent members.

### ***Committee Structure and Meetings***

In line with the Charter, membership of the Committee during the reporting period has been as follows:

- Ms Bev Excell - Independent Member and Chair. Reappointed Chair at the Council meeting on 13 April 2021 until the end of her term as an independent member expiring 31 May 2023;
- Mr Stephen Schinck – Independent Member. Reappointed at the Council meeting on 26 April 2022 for a further three-year term expiring 31 May 2025;
- Mr Simon Mahony – Independent Member. Reappointed at the Council meeting on 13 April 2021 for a second term expiring 1 May 2024;
- Cr Fiona McAllister – Councillor Member. Councillor member since 24 November 2019; and

- Cr Jim Child – Councillor Member (Mayor). Councillor member since 23 November 2021.

The Committee has met twice in this reporting period, on 20 February 2023 and 29 May 2023.

Due to the end of term for Ms Bev Excell, interviews have been held to appoint a new independent member. This is still subject to consideration of Council at its meeting on 27 June 2023.

### ***Business of the Committee***

Key activities undertaken by the Committee during the reporting period included:

- Review and note Financial Report for nine months to 31 March 2023;
- Review and note Council Strategic Internal Audit Plan for 2023/24 to be conducted by HLB Mann Judd;
- Review of activities associated with internal audits conducted by Council's internal auditors, HLB Mann Judd, which included;
  - Review of Council's Legislative Compliance Framework (with focus on implementation of LGA 2020); and
  - Accounts Payable (including data analytics).
- Update received and noted regarding Cyber Risk Update and the Cyber Security Awareness Campaign;
- Review of Recent Reports & Publications relevant to the Local Government sector;
- Reviewed and noted Council's Strategic Risk Register;
- Reviewed and noted Council's draft Risk Appetite Statement;
- Reviewed Councillor Expenses;
- Reviewed Gifts & Benefits Register;
- Reviewed Health & Safety Reports, and
- Reviewed and updated Committee's Annual Work Plan.

### ***Actions arising from audits undertaken***

Council's internal audit tracking and recording function is currently being transferred between two internal information management system, from CAMMS to YRConnect under the Corporate Performance Management (CPM) module.

All actions from the following audits have all been completed or responded to by the Responsible Person:

- COVID Safe Plans;

- Councillor Expenses; and
- Response to COVID Pandemic.

At the time of writing this report management responses to the IT Cyber Audit were not finalised.

As at May 2023 the actions from Risk Management and Swimming Pools Registration Process Audits are in progress but not yet due.

### ***Recommendations for Improvement***

Council has commenced an update of its organisational wide risk management framework. To provide structure and guidance to this update the following documents were developed or reviewed throughout the reporting period:

- Council's Risk Framework;
- Strategic Risk Register;
- Risk Matrix; and
- Draft Risk Appetite Statement.

This documentation, in line with Council's previously endorsed Risk Policy, provides a solid foundation for a more strategic approach to organisational wide risk management.

It is noted that Council's Crisis Management and Business Continuity Frameworks, policies and tools are pending final endorsement from the Executive Leadership Team and need increased awareness across Council business areas.

Council's Fraud Policy and Risk Register also require finalisation and to be considered by the Executive Leadership Team and the Committee.

The Committee Work Plan, Actions Register and Outstanding Audits Register need to be kept up to date and submitted to each Committee meeting.

### ***Relevant Law***

It is a legislated requirement that Council establish an Audit and Risk Management Committee, appoint Independent Members, adopt and maintain an Audit and Risk Management Committee Charter and provide a bi-annual report to Council.

### ***Financial Analysis***

Any expenditure associated with the Audit and Risk Management Committee has been maintained within previously approved budgets.

### ***Environmental Impacts***

There are no foreseeable environmental impacts arising from this report.

### ***Social Impacts***

The oversight mechanism provided by the Audit and Risk Management Committee serves to provide confidence in Council's practices and supports Council's commitment to good governance, public transparency, and accountability to the community.

### ***Economic Impacts***

The Audit and Risk Management Committee assists Council by providing advice and guidance on the adequacy of initiatives including financial statements, performance and public accountability reporting.

### ***Risk Assessment***

There are no foreseeable risks associated with this report. Council has in place a fully functioning Audit and Risk Management Committee and supporting framework. The establishment of the Audit and Risk Management Committee, the appointment of Independent Members and the adoption of the Charter enables Council to meet its obligations under the Act and provides appropriate controls for Council to manage its Governance risk.

### ***Conclusion***

The Committee's overall assessment is that Council is continuing to manage its responsibilities regarding risk, financial control, and compliance well and that the governance culture of the Council remains robust.

Some of the work of the Committee, particularly on the strengthening of risk management practices, has been affected by resource constraints and Council's other priorities. The Committee is looking forward to an increased focus in the risk area in the coming period.

As this is my last meeting as Chair, I would like to thank the management team for their support in running the Committee and thank my colleagues, both the Independent Members and the Councillors, for their contribution to a strong Committee and myself over the years.

***Bev Excell***  
***Chair, Audit and Risk Management Committee***

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.