

## AUDIT & RISK MANAGEMENT COMMITTEE BIENNIAL REPORT

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Report Author: Coordinator Risk & Infringements for Stephen Schinck,  
Chair of the Audit and Risk Management Committee

Responsible Officer: Director Corporate Services

Ward(s) affected: All

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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.

### SUMMARY

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

The Act requires that the Committee prepare a biannual report for Council that describes its activities and includes findings and recommendations.

This report is the biannual report of the Committee for the six-month period ending 30 June 2024.

### RECOMMENDATION

***That Council note the Yarra Ranges Audit and Risk Management Committee Biannual Report for the six-month period ending 30 June 2024.***

### RELATED COUNCIL DECISIONS

The Committee previously provided a biannual report for the six months to 31 December 2023, to the Council Meeting on 12 March 2024.

## **DISCUSSION**

The Committee's Biannual Report provides Council with information of the progress of the Committee's Annual Work Plan, which outlines the activities it monitors and reviews to ensure it complies with its requirements under the Committee Charter.

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

- 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.
- Financial statements, performance, and public accountability reporting.

The Charter requires that the Committee has up to five members, including both Councillors (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:

- Mr Stephen Schinck - Independent Member and Chair. Appointed Chair at the Council meeting on 26 September 2023 for a one-year period effective from 1 October 2023.
- Mr Simon Mahony - Independent Member. Resigned as a member on 1 August 2024.
- Ms Katie Baldwin - Independent Member. Appointed Independent Member at the Council meeting on 27 July 2023 for a term of three years.
- Mr David Ashmore - Independent Member. Appointed Independent Member at the Council Meeting on 25 June 2024 for a term of three years.
- Cr Fiona McAllister - Councillor Member since 24 November 2019, reappointed as a Councillor representative at the Council Meeting of 12 December 2023.
- Cr Jim Child - Councillor Member since 23 November 2021, reappointed as a Councillor representative at the Council meeting of 12 December 2023.

The Committee has met twice in this reporting period on 19 February and 20 May 2024, with Cr Child the only apology for the February 2024 meeting.

### ***Council Officers***

The Committee has been supported by Council' officers who have attended all meetings during the reporting period.

## ***External Service Providers***

Both the Internal Audit team (HLB Mann Judd) and the External Audit team as agent of the Victorian Auditor General's Office (VAGO) (Crowe Australia) have attended meetings as required during the reporting period.

The Committee enjoys strong and professional working relationships with the entire support team, which is a critical element in ensuring the Committee delivers positive and insightful support and advice to Council.

## **BUSINESS OF THE COMMITTEE**

Key activities and reviews undertaken by the Committee during the reporting period include.

- Review of Quarterly Financial Reports.
- Review of the Procurement Policy.
- Consideration of CEO and Councillors updates.
- Reviewed analysis, self-assessments and proposed actions against various integrity agency reports.
- Reviewed activities associated with internal audits conducted by Council's Internal Auditors, HLB Mann Judd, including:
  - Rates and Revenue Internal Audit.
  - Compliance with Child Safe Standards.
  - Review of Credit Cards.
- Development of the Strategic and Annual Internal Audit Plan.
- Monitored the implementation of actions outstanding from Internal Audits, including the previous Environment Management Internal Audit.
- Considered updates on the organisation's risk management progress and maturity, including updates to Council's Risk Management Framework to include appropriate Risk Appetite statements and updates relating to Council's Risk Education and Training program.
- Review of Council's Strategic Risk Register.
- Considered updates on Information Technology and Cyber Security maturity program, including implementation of the Cyber Security Improvement Plan.
- Considered updates on the budget and significant changes in accounting and reporting.
- Considered updates on the External Audit including the planned scope and approach.
- Reviewed the Health & Safety report, including analysis of trends and data, as well as WorkSafe Incidents and Emergency Response programs.
- Endorsement and monitoring of the Committee Annual Work Plan.

Further reviews and oversight included noting Councillor Expenses, Gifts Benefits & Hospitality as well as identifying areas for improvement in the meetings and agendas.

## **INDEPENDENCE**

An independent Committee is a fundamental component of a strong corporate governance culture. Council's Committee is independent of Council and is not involved in any operational decisions. Committee members do not have any executive powers, management functions or delegated financial responsibilities.

## **RECOMMENDATIONS FOR IMPROVEMENT**

Over the reporting period the Committee have noted key achievements in numerous areas under the Charter, including maturity in key areas such as risk management and cyber security, as well as a concerted effort by Council officers to implement internal audit actions in a timely manner.

The Committee also noted satisfaction with the improvements implemented to the management of the Committee, including agenda and report quality and timely distribution.

The Committee also noted intentions for continuous improvement in these areas.

## **FINANCIAL ANALYSIS**

There are no financial implications identified as a result of this report. All costs associated with the Committee are included within the approved operating budget.

## **APPLICABLE PLANS AND POLICIES**

This report contributes to the following strategic objective(s) in the Council Plan: High Performing Organisation.

The oversight mechanism provided by the Committee and as evidenced in the meeting minutes delivered to Council after each meeting, serves to provide confidence in Council's practices and supports Council's commitment to good governance, public transparency, and accountability to the community. The advice and process improvements identified and provided to Council officers through each discussion, contribute to a culture of continuous improvement.

## **RELEVANT LAW**

It is a requirement of the Act that Council establish a Committee appoint Independent Committee Members, adopt, and maintain a Committee Charter and provide a bi-annual report to Council. This is undertaken to provide oversight and independence in the governance structure of Council.

## **SUSTAINABILITY IMPLICATIONS**

### ***Environmental Implications***

There are no foreseeable environmental impacts arising from this report.

### ***Social Implications***

The oversight mechanism provided by the 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 Implications***

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

## **COMMUNITY ENGAGEMENT**

Not applicable to this report.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

Whilst no collaboration with other Councils, Governments or statutory bodies was sought in respect of this item, the Committee members have reviewed and support the content provided in this report. The Independent Committee members provide insights and advice gathered from their vast experiences, as well as from sitting on Advisory and Audit and Risk Committees for other Councils and Government agencies.

Areas for improvement, including innovation in processes are considered as part of each report presented to the Committee. The Committee evaluates its performance annually and the feedback from the 2024 survey indicated a high level of satisfaction and performance from the Committee members and key Council Officers.

Whilst the results indicated satisfaction and an adequate performance in all areas, in response to the feedback, the following actions were implemented by management:

- Implement opportunities for pre-meeting briefing sessions for Committee members prior to the Committee Meeting to allow further opportunities for clarification.
- Ensure consistency in meeting minutes with uniformity in the agreed style and quality.
- Continue working to improve the quality and detail of reports provided to the Committee.
- Continue to regularly review internal audit resources to ensure they remain adequate and align with Council's needs.

## **RISK ASSESSMENT**

Council has in place a fully functioning Committee. The establishment of the Committee, the appointment of Independent Committee members and the adoption

of the Charter enables Council to meet its obligations under the Act and provides oversight and monitoring that Council has appropriate mechanisms in place to manage its risk.

The oversight mechanism provided by the Committee and as evidenced in the meeting minutes delivered to Council after each meeting, serves to provide confidence in Council's practices and supports Council's commitment to good governance, public transparency, and accountability to the community.

The biannual report to Council is an important risk management tool that provides Council with an understanding of the valuable insights and effectiveness and efficiency of the Committee's operations. This report gives Council comfort that the Committee is contributing to Council's good governance by remaining effective, efficient, and aligned with best practices in governance and risk management.

## **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*.

## **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.

The Committee is satisfied that it has fully discharged its responsibilities as set out in its Charter. It has given advice to Council officers to reduce its risk exposure and is confident that Council has a solid control environment that continues to mature and has well-established prudent financial management practices.

With the recent demonstration to the Committee of Council's commitment to an increased focus in risk and cyber security, the Committee is confident in the maturity in these areas.

The Committee would like to recognise the substantial contribution over six years made by recently departed Committee member Simon Mahony and welcomes new Committee member, David Ashmore.

As Chair, I would like to thank the management team for their support, and to thank my colleagues - both the independent members and the Councillors - for their contribution to a strong Committee.

***Stephen Schinck***  
***Chair, Audit and Risk Management Committee***

## **ATTACHMENTS**

Nil