

AUDIT & RISK MANAGEMENT COMMITTEE BIENNIAL REPORT

Report Author: Executive Officer Governance Risk & Compliance for Stephen Schinck, Chair of the Audit and Risk Management Committee

Responsible Officer: Director Corporate Services

Ward(s) affected: All

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 31 December 2024.

RECOMMENDATION

That Council note the Yarra Ranges Audit and Risk Management Committee Biannual Report for the six-month period ending 31 December 2024.

RELATED COUNCIL DECISIONS

The Committee previously provided a biannual report for the six months to 30 June 2024, to the Council Meeting on 22 October 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 was reappointed as Chair at the Council meeting on 24 September 2024 for the period commencing 1 October 2024 to 31 May 2025.
- 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 10 December 2024.
- Cr Jim Child (Mayor) - Councillor Member since 23 November 2021, reappointed as a Councillor representative at the Council meeting of 10 December 2024.

The Committee has met three times in this reporting period on 19 August 2024, 7 October 2024, and 25 November 2024.

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, with Crowe Australia an apology for the November 2024 meeting.

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.

- Reviewing the Quarterly Financial Reports.
- Consideration of the CEO and Councillors updates.
- Reviewing the analysis, gap analyses and proposed actions against various integrity agency reports (i.e.: IBAC).
- Reviewing the activities associated with internal audits conducted by Council's Internal Auditors, HLB Mann Judd, including:
 - Victorian Protective Data Security Standards Internal Audit.
 - Licences and Leases Internal Audit.
- Monitoring the implementation of actions outstanding from Internal Audits.
- Reviewing and advising Council's risk management program, including the development of a Risk Appetite Gap Analysis for Council's Strategic Risks.
- Reviewing Council's Strategic Risk Register.
- Reviewing Council's Fraud Risk Register.
- Receiving regular updates on the Information Technology and Cyber Security maturity program, including implementation of the Cyber Security Improvement Plan.
- Considering the updates and a 'deep dive' on the risks associated with Council's waste recovery services.
- Considering the updates on the Council's budget and significant changes in accounting and reporting.
- Reviewing the Annual Financial Report and Victorian Auditor General Audit for year ending 30 June 2024.
- Reviewing the Performance Statement for the year ending 30 June 2024.
- Approving for Councillor signature, the Annual Financial Report and Performance Statement
- Reviewing the annual update on the Financial Plan.

- Conducting “In-camera” sessions with both the internal and external auditors.
- Considered the updates on the External Audit including the planned scope and approach.
- Reviewing the Health & Safety reports, including analysis of trends and data, as well as WorkSafe Incidents and Emergency Response programs.
- Reviewing other assurance activities including Chain of Responsibility and ISO 45001 gap analyses.
- Endorsement and monitoring of the Committee Annual Work Plan.
- Provided feedback and endorsement of the updated Audit & Risk Management Charter.
- Completion and review of the Committee annual performance assessment.

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

The Committee's oversight provides critical financial governance that enhances Council's economic sustainability by mitigating risks, improving resource allocation, and increasing public confidence. Through careful monitoring of financial statements and performance reporting, the Committee supports strategic decision-making that promotes long-term economic efficiency and responsible fiscal management.

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.

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.

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 TO THE REPORT

Nil