

## AUDIT AND 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 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.

### 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 biennial report for Council that describes its activities and includes findings and recommendations.

This report is the biennial report of the Committee for the six-month period ending 30 June 2025.

### RECOMMENDATION

***That Council note the Yarra Ranges Audit and Risk Management Committee Biennial Report for the six-month period ending 30 June 2025.***

### RELATED COUNCIL DECISIONS

The Committee previously provided a biennial report for the six months to 31 December 2024, to the Council Meeting on 11 February 2025.

## **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
- Ms Katie Baldwin - Independent Member.
- Mr David Ashmore - Independent Member.
- Cr Fiona McAllister - Councillor Member.
- Cr Jim Child - Councillor Member.

The Committee has met twice in this reporting period on 17 February and 2 June 2025, with all members attending both meetings.

### ***Council Officers***

The Committee has been supported by Council Officers with Tammi Rose, CEO being an apology at the 17 February 2025 meeting.

### ***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 Howarth) have attended meetings as required during the reporting period, with Crowe Howarth an apology for the February 2025 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.

- Consideration of CEO and Councillors updates.
- Monitoring progress of Committee Annual Work Plan.
- Review of Quarterly Financial Reports.
- Considered updates on budget and significant changes in accounting and reporting.
- Considered updates on External Audit including planned scope and approach.
- Review of Fraud Control Policy and Framework.
- 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:
  - Management of Outsourced Facilities; and
  - Compliance with the Road Management Plan.
- Development of Strategic and Annual Internal Audit Plan.
- Monitored implementation of actions outstanding from Internal Audits, including the previous Licences and Leases Internal Audit.
- Review of Internal Audit Charter.
- Considered updates on risk management progresses and maturity, including updates relating to Council's Risk Education and Training program.
- Review of Council's Strategic and Operational Risk Registers.
- Considered updates on Information Technology and Cyber Security maturity program, including implementation of the Cyber Security Improvement Plan.
- Reviewed Health & Safety report, including analysis of trends and data, as well as WorkSafe Incidents and Emergency Response programs.
- Review of Policy Governance program
- Considering updates and a 'deep dive' on the risks associated with Council's paid parking program.
- Consideration of proposed plan for annual Committee 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 actions in a timely manner.

The approach for the annual Committee assessment of performance was approved at the June Committee Meeting. Outcomes from this assessment will be considered and improvement opportunities identified.

## **FINANCIAL ANALYSIS**

There are no financial implications identified because 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 in the Council Plan: High Performing Organisation.

The oversight mechanism provided by the Committee supports Council's commitment to good governance, public transparency, and accountability to the community.

## **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.

## **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 outcomes from the assessment will be considered and improvement opportunities identified and implemented.

## **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 Councillors 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.

## **ATTACHMENTS**

Nil

## 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.

This is my final report to Council. I would like to thank Council for giving me the opportunity to contribute to this important Committee as an Independent Member and as Chair. I thank the management team for their dedication and support, and also my colleagues - both the independent members and the Councillors - for their contribution to a strong Committee.

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