



ORDINARY MEETING OF COUNCIL 5 AUGUST 2020

14.2 ANNUAL REVIEW OF THE AUDIT & RISK COMMITTEE CHARTER AND OUTCOMES OF THE AUDIT & RISK COMMITTEE MEETINGS

EXECUTIVE MEMBER: KYLIE BENNETTS, DIRECTOR, OFFICE OF THE CEO
PREPARED BY: JULIE SNOWDEN, CO-ORDINATOR RISK AND ASSURANCE

1. PURPOSE

- 1.1 To adopt the updated Audit and Risk Committee Charter 2020
- 1.2 To bring to the attention of the Council the matters addressed at the scheduled 23 June 2020 meeting, and two special meetings, one held 5 May 2020 and the other on 8 April 2020.

2. EXECUTIVE SUMMARY

- 2.1 Council is required by the Local Government Act 2020 to establish and Audit and Risk Committee (the Committee) as an advisory committee of Council.
- 2.2 The Committee is governed by an Audit and Risk Committee Charter (the Charter) which sets out the Committee's objective, authority, composition and tenure, role and responsibilities and reporting and administrative arrangements.
- 2.3 The current Charter requires annual review and adoption by Council.
- 2.4 The Committee Charter requires the Committee to meet at least four (4) times per year and to regularly report to Council. The most recent meetings of the Committee were held on 8 April 2020, 5 May 2020 and 23 June 2020. This paper satisfies this reporting requirement.

3. RECOMMENDATION

That Council:

- 3.1 Adopts the updated Audit and Risk Committee Charter (Attachment 1).
- 3.2 Delegates authority to the Chief Executive Officer to make minor editorial amendments to the Charter that do not materially alter the intent of the document.
- 3.3 Notes the matters addressed at the 8 April 2020, 5 May 2020 and 23 June 2020 meetings of the Audit & Risk Committee.

4. KEY POINTS/ISSUES

Proposed changes to the Charter

- 4.1 After major changes to the Charter over the last two years, the main changes through this review are to include references to the new Local Government Act 2020.
- 4.2 To be compliant with the new Local Government Act 2020, the Charter must specify the functions and responsibilities of the Committee, and must include the following functions (S54):
 - monitor the compliance of Council policies and procedures with the overarching governance principles and the Act and any regulations and Ministerial directions
 - monitor Council financial and performance reporting



ORDINARY MEETING OF COUNCIL 5 AUGUST 2020

- monitor and provide advice on risk management and fraud prevention systems and controls
 - oversee internal and external audit functions.
- 4.3 Section 54 of the Act also describes the work an Audit and Risk Committee must undertake and administrative instructions.
- 4.4 Section 10 Ordinary Returns – has been removed in its entirety as under the new Local Government Act 2020, Audit and Risk Committee members are not required to submit personal interest returns.
- 4.5 Officers advise that the changes to the proposed Charter (*Attachment 1*) ensure Council is compliant with the new Act 2020.
- 4.6 The updated Charter was endorsed by the Audit and Risk Committee at its 23 June 2020 meeting for subsequent Council adoption by 1 September 2020.

Matters considered by the committee at previous meetings

- 4.7 The Committee held two additional meetings within the intervening quarterly meetings to cover items that were either urgent in nature or required earlier endorsement.
- 4.8 Matters considered by the Committee at its 8 April 2020 meeting were:
- 4.8.1. Receipt of a COVID-19 pandemic update and its impact on Council services and finances.
 - 4.8.2. Feedback on the draft Councillor Expenses and Support Policy.
 - 4.8.3. Consideration of the proposed Councillor Expense and Allowances Compliance Audit scope.
- 4.9 Matters considered by the Committee at its 5 May 2020 meeting were:
- 4.9.1 Consideration of a Child Safe Standard #5 Compliance Audit scope.
 - 4.9.2 Endorsement for a Freedom of Information Compliance Audit in 2020/21.
 - 4.9.3 Sign Off on Councillor Expenses and Allowances Compliance Audit scope.
- 4.10 Matters considered by the Committee at its 23 June 2020 meeting were:
- 4.10.1 Chief Executive Officer's Report

The Committee noted the overview from the CEO on key activities that have occurred since the last meeting, including an update on the proposed changes to the organisational structure and operating model.

An update was also provided on the implementation of the new *Local Government Act 2020*.

They also noted the Chief Executive Officer's Reports 63, 63 & 65.
 - 4.10.2 Strategic Risk and Internal Audit

The Committee noted the regular SRIA update, including a focus on tree failure risk and the outcomes of a lessons-learned exercise on Council's response to COVID-19.

The Committee also noted the Internal Audit Recommendations Status Report.



4.10.3 Assurance Activities Update

The Committee discussed the audit findings from the following audits: Grants Management, Events & Festivals Management, Privacy Compliance and noted the following reports: status of the Internal Audit Plan 2019/20, the draft Payroll Encoding Controls Audit Scope, the draft Internal Audit Plan 2020/21 and the updated Audit Universe 2020/21.

4.10.4 External Audit

The Committee noted the draft VAGO Interim Management Letter y/e 30 June 2020 presented by external auditor HLB Mann Judd with no significant issues identified.

4.10.5 Compliance Monitoring

The Committee noted the regular compliance and OHS update reports.

4.10.6 Financial Monitoring

The Committee noted the financial sustainability standing report and the 2019/20 Financial Statements – impact of changes to policy and standards.

4.10.7 Supplementary Reports

The Committee noted the following additional reports: South Melbourne Market six monthly update and the ICT Disaster Recovery Exercise update.

4.10.8 Audit & Risk Committee Charter Review

The Committee endorsed the draft with one minor change, allowing the CEO to adjust position titles once the new operating model and related structure have been finalised.

5. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

5.1 Our commitment to you through improving community engagement, advocacy, transparency and governance.

6. OFFICER DIRECT OR INDIRECT INTEREST

6.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS 1. Audit and Risk Committee Charter DRAFT Version 3 following ARCO feedback 23 June 2020