

COUNCIL MEETING MINUTES - 26 OCTOBER 2021

13.4 AUDIT & RISK COMMITTEE BIENNIAL REPORT - SEPTEMBER 2021

File No: 2021/993

Dalene Voigt - Executive Manager People & Governance Executive Management

For Information

RESOLUTION

The Council note the Biannual Report of the Audit and Risk Committee

Moved: Cr Gaffney

Seconded: Cr Price

For: Crs Peter Croucher, Bernard Gaffney, Larry Goldsworthy, Roberta Horne, Jenny O'Connor, Sophie Price and Diane Shepherd

Against: Nil

Carried

BACKGROUND:

Under the Local Government Act 2020 Section 54 (4) An Audit and Risk Committee must (a) prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; (b) provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.

AUDIT & RISK COMMITTEE BIENNIAL REPORT – SEPTEMBER 2021

1. Period of this Report

This report covers the activity undertaken by the Audit and Risk Committee for the Period 1 December 2020 to August 2021. Subsequent reports will be prepared biannually in March and September of each year.

2. Purpose of the Report

This report is prepared in accordance with Section 54 (5) of the *Local Government Act 2020* (LGA) and provides Council with a summary of the matters that the Committee has addressed during the period in accordance with the Audit and Risk Committee Charter. This is the first such report prepared under the LGA 2020. This report has been agreed and reviewed by all Committee members.

3. Committee Update

The Committee consists of 4 independent members and two Councillors.

Independent Members

Mr Aaron Coutts (Chair)
Ms Kay Thawley
Mr. Abbas Khambati
Mr Ross Kearney

Councillors

Ms Sophie Price
Mr Bernard Gaffney

On 11 May Kay Thawley advised CEO Trevor Ierino that the September 2021 Audit and Risk Committee Meeting will be her last after having served three terms. The Committee and

COUNCIL MEETING MINUTES - 26 OCTOBER 2021

Council thank Kay for her commitment and service to the Audit and Risk Committee and to Indigo Shire. Recruitment for a new Committee member commenced in August 2021.

4. Meetings

The Committee met a total of four times – 7 December 2020, 22 March, 24 May and 19 July 2021, during the Period. The meeting of the 24 May was an additional meeting to attend presentations from shortlisted Internal Audit Tender applicants.

There was full attendance at all meetings by the Independent Members. Councillor Bernie Gaffney had a leave of absence for the 22 March and 24 May Meetings. Councillor Sophie Price was an apology for the additional Meeting on 24 May.

Key Matters considered and recommendations made:

7 December 2020

- Adoption of the Audit and Risk Committee Work plan for 2020/21
- Establishment of a selection panel for the Internal Audit Services Tender
- Adoption of the Audit and Risk Committee Self-Assessment Template

Recommendations:

- Agenda for all Committee Meetings to include an update on all outstanding action items arising from Internal Audits.
- Establishment of an Evaluation Panel for the Internal Audit Services Tender.

22 March

- VAGO External Audit Update
- Risk Management Framework Review be undertaken by Management
- Adoption of the Meeting Schedule for 2021/2022

Recommendations:

- Management undertake a review of Councils Unacceptable Workplace Behaviour Policy with regard to sexual harassment and behaviour from the public towards staff.
- Management undertake further review and refinement of the Risk Management Policy and Risk Appetite Statement based on the Committee feedback and subsequent endorsement of the Policy for acceptance by Council

24 May

- Presentations from shortlisted Internal Audit Tender applicants
- Discussion on applicants and services provided with a recommendation to be brought to the Council Meeting on 29 June 2021 for consideration.

19 July

- Commencing the Annual Work Plan Assessment and Committee Performance Survey
- Endorsement of the Risk Management Policy for acceptance by Council
- Presentation of the Long Term Financial Planning and Sustainability Internal Audit Report
- Audit and Risk Committee Independent member recruitment

COUNCIL MEETING MINUTES - 26 OCTOBER 2021

- 2021/2022 Insurance Renewal Program

Recommendation:

- Adoption of the Self Evaluation Template of the Audit and Risk Committee Charter
- Appointment of Internal Auditor for new 3 Year Program.

5. Annual Work Plan

In December 2020 the Committee adopted a Work plan for the 2020/21. Key elements of the Work plan:

- a. Internal and External Audit Oversight – reviewing outcomes of audits and management progress on recommendations
- b. Review, monitor and approve Councils Financial Statements and Public Accountability Reporting
- c. Review the effectiveness of the risk management framework providing guidance on improvement opportunities.

6. Internal Audit

Internal Audits undertaken for the period include Long Term Financial Planning and Sustainability and Community Grants Administration.

The report for the Long Term Financial Planning was tabled July 2021 Audit and Risk Committee Meeting.

7. Key issues

The Committee dealt with numerous issues over the period including:

- Risk policy and framework

The Committee has provided considerable guidance and oversight to the development of the Risk Management Framework including supporting Council in the development of an effective Risk Appetite Statement and approach.

- Outstanding audit items

The Committee have worked with management to review outstanding Internal Audit Recommendations. Work continues on not only reviewing the status of items but also improving reporting processes.

- Appointment of Internal Audit

The selection panel appointed by the Committee undertook a robust tender process to identify and recommend the appointment of the Internal Audits for the next 3 Years. EOIs, shortlisted presentations and reference checks were all part of the selection panels consideration. The Committee recommended to Council the reappointment of incumbent AFS for a further 3 year period.

8. 2021 Meeting Schedule

The Meeting Schedule as agreed for 2021 is as follows:

- 19 July 2021
- 13 September 2021 (additional for the consideration of the performance report and financial statements)

COUNCIL MEETING MINUTES - 26 OCTOBER 2021

- 22 November 2021

9. Chairpersons Report

The past 12 months have seen significant change which has affected the Committee and its operations. The introduction of the *Local Government Act 2020* saw in the introduction of a new Committee, a new Charter and new reporting requirements.

Our engagement with Council has also changed with the move of the Governance and Risk Portfolio to the People and Governance department.

We welcomed two new Committee Members in Ross Kearney and Abbas Khambati, and we will farewell Kay Thawley in September. I would like to personally recognise Kay's outstanding contribution to both the Committee and Council over many terms.

While COVID has presented challenges to all elements of life, the Committee has grown comfortable meeting remotely via Zoom.

The Committee has focused on the improvement and refinement of the Risk Management Framework, and monitoring and reporting of Internal Audit Recommendations. The introduction of new personnel within Council has brought a change in thinking and the Committee looks forward to the next 12 months, working with Council and progressing the risk and control environment across Council.

10. Conclusion

This is the Committees first Biannual Report to Council under the *Local Government Act 2020*. Feedback on the content of the report is welcome.