

14.1 AUDIT AND RISK COMMITTEE - BIENNIAL REPORT - MARCH 2023

File No: 2023/212

Carla Hanlon - Executive Manager People & Governance Executive Management

For Decision

RECOMMENDATION

That Council receives the Biennial Report of the Audit and Risk Committee and thanks the Committee for its work.

PURPOSE OF REPORT

To present a summary of the activities of the Audit and Risk Committee for the period September 2022 to February 2023.

BACKGROUND

Under Section 54(5) of the *Local Government Act 2020* an Audit and Risk Committee must:

- a. prepare a biennial audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations; and
- b. provide a copy of the biennial audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.

AUDIT & RISK COMMITTEE BIENNIAL REPORT – MARCH 2023

1. Period of the Report

The report covers the activity undertaken by the Audit and Risk Committee for the period September 2022 to February 2023.

2. Purpose of the Report

The report provides Council with a summary of the matters the Committee has addressed during the period in accordance with the Audit and Risk Committee Charter. This report has been reviewed and agreed upon by all Committee members.

3. Committee Update

The Committee consists of four independent members and two Councillors.

Independent Members

Ross Kearney (Chair to 28 Nov 2022)

Abbas Khambati (Chair from 29 Nov 2022)

Aaron Coutts

Peter Smith

Councillors

Cr Sophie Price (Mayor)

Cr Bernard Gaffney (Deputy Mayor)

The Chair changed from Ross Kearney to Abbas Khambati during the period.

4. Meetings

The Committee met twice – 19 September and 5 December 2022 – during the period.

There was full attendance at the 19 September meeting by the Independent Members and Councillor Representatives.

Independent Member, Ross Kearney and Councillor Bernard Gaffney were apologies at the 5 December meeting.

Key Matters considered and recommendations made:

19 September 2022

- Asset Revaluation
- Annual Performance and Financial Statements
- Councillor Expense Reimbursement

Key Recommendations:

- Endorsement of 2021/2022 Asset Revaluation Review
- Endorsement in principle of the Annual Performance Statement and Financial Statements
- Endorsement of Biannual Report for Submission to council

5 December 2022

- Audit Program and Recommendation Update
- Fraud and Corruption Control Policy and Plan
- Risk Management Update
- Performance Survey
- Charter Review

Key Recommendations:

- Endorsement of proposed scope and approach for Cash Handling Internal Audit and Past Issues Review
- Endorsement of draft Fraud Corruption and Control Policy
- Endorsement of draft Risk Management Policy
- Endorsement of Performance Survey Report 2021/22 for presentation at Council Meeting

5. Annual Work Plan

In February 2023 a draft Work plan for 2023-24 was circulated to Committee members for feedback. 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 commenced during the period included Human Resources Management and Cash Handling.

The final reports for the Payroll Key Controls and ICT and Cyber Security were tabled at the December 2022 Audit and Risk Committee Meeting.

7. Key issues

The Committee dealt with numerous issues over the period including:

- Risk Management Policy and Corporate Risks

The Committee has provided guidance and oversight on the revision of the Risk Management Policy and the ongoing development of the Council's Risk Register.

- 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.

- Annual Performance Review

The Committee identified improved ways of meeting their regulatory obligations.

8. 2023 Meeting Schedule

The Meeting Schedule as agreed for the remainder of 2023 is as follows:

- 20 March
- 17 July
- 18 September (Additional meeting to review financial statements)
- 4 December

9. Chair's Report

Over the last six months, the Committee has continued its governance work on the revised Risk Management Policy and risk register. The focus is currently on processes to improve documentation to support risk management processes and review of service plan risks and corporate risks as a part of the risk register. The Committee notes the significant work and consultation by the Risk Co-ordinator and the council staff on this.

The Committee continues to work through the Strategic Internal Audit Program and receives necessary documents and reports to support the Committee in monitoring the work on the audit recommendations.

The Committee membership is stable with the reappointed Aaron Coutts as an Independent member and Councillors Bernard Gaffney and Sophie Price on the committee. This allows the Committee to continue its strong focus on delivering the work plan.

As a part of the Audit and Risk Committee Charter, the committee has completed its Performance Survey and has demonstrated that it has successfully met its responsibilities and accountabilities.

The Committee acknowledges the continuing work of the senior Council staff in supporting the Committee in developing good governance processes and implementing its annual program in midst of a busy year with ongoing environmental, economic, community and COVID challenges.

STRATEGIC CONTEXT

COUNCIL PLAN 2021 – 2025	
Theme	5. Accountability
Strategic Objective	5.5 Our Councillors and organisation are committed to the highest level of governance practices and conduct.
Strategic Action	5.5.2 Develop and maintain a Governance Schedule to give Council and Community visibility of future legislative requirements

SOCIAL/COMMUNITY IMPLICATIONS

The Audit and Risk Committee provides oversight of key functions of Council assisting it to operate in the best interests of the wider Community.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

LEGISLATIVE IMPLICATIONS

Under Section 54(5) of the *Local Government Act 2020* 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; and
- (b) provide a copy of the biannual audit and risk report to the Chief Executive Officer for tabling at the next Council meeting.

RISK & OPPORTUNITY MANAGEMENT

Description	Likelihood	Consequence	Final Risk Rating	Controls, treatments
Failure to meet legislative requirements relating to biannual	Unlikely	Minor	Low	<ul style="list-style-type: none"> • Biannual report included in work plan

COMMUNITY ENGAGEMENT

Engagement undertaken

Nil

Engagement outcomes

Nil

Engagement proposed

Nil

CONCLUSION

The biannual report provides a summary of the activities, findings and recommendations of the Audit and Risk Committee for the period September 2022 to February 2023.

DECLARATION OF CONFLICT OF INTEREST

Under section 130(2) of the *Local Government Act 2020* and Governance Rule 24, the following officers declare that they have no interests to disclose in providing this report:

- Carla Hanlon – Executive Manager People and Governance
- Sarie Los – Risk and Safety Advisor

Attachments

Nil