



AUDIT AND RISK COMMITTEE

BIANNUAL REPORT

For the Period 1 July 2023 to 31 December
2023

Presented to the Audit and Risk Committee on 7 March 2024.

To be adopted by Council at its meeting on 23 April 2024.

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PURPOSE OF THIS REPORT

The purpose of this report is to provide to Council a bi-annual report on the activities of Council's Audit and Risk Committee in accordance with the *Local Government Act 2020*.

BACKGROUND

Under Section 54 (5) of the *Local Government Act 2020* an Audit and Risk Committee must prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations. This biannual report must be provided to the Chief Executive Officer for tabling at the next Council Meeting.

Under Section 53 of the *Local Government Act 2020* it is a requirement that Council must establish an Audit and Risk Committee.

The Glenelg Shire Council Audit Committee (the Committee) was established in 1997 and the Audit and Risk Committee was reconstituted on 25 August 2020 following the introduction of the *Local Government Act 2020*.

AUDIT COMMITTEE CHARTER

Under Section 54 (1) of the *Local Government Act 2020* it is a requirement for Council to prepare and approve an Audit and Risk Committee Charter.

The Committee reports to Council and provides advice, assurance and recommendations relevant to its charter.

Under Section 54 (2) of the *Local Government Act 2020*, the Audit and Risk Committee Charter must specify the functions and responsibilities of the Audit and Risk Committee including the following:

- Monitor the compliance of Council policies and procedures with:
 - The overarching governance principles; and
 - The *Local Government Act 2020* and the regulations and any Ministerial directions.
- Monitor Council financial and performance reporting;
- Monitor and provide advice on risk management and fraud prevention systems and controls; and
- Oversee internal and external audit functions.

The Charter is reviewed bi-yearly. The revised Audit and Risk Committee Charter for 2023-2025 was received by the Audit and Risk Committee on 1 June 2023 and therefore is due for review by June 2025.

MEMBERSHIP

Membership of the Committee currently comprises of four independent representatives, one of whom is chair, and three Councillors including the Mayor. The Committee meets at least four times a year.

Membership for the period 1 July 2023 to 31 December 2023 was as follows:

Name	Membership Type	Term Expiry Date
Independent Members		
Mr David Stafford	Independent Member – <i>Chairperson (elected 7 December 2023)</i>	26 August 2024
Mr Philip Saunders	Independent Member	29 February 2024
Ms Bonnie Holmes	Independent Member	31 August 2025
Mr Greg Tremewen	Independent Member	26 April 2027
Councillor Representatives		
Cr Karen Stephens	Mayor	November 2024
Cr Michael Carr	Councillor	November 2024
Cr John Northcott	Councillor (Appointed 28 November 2023)	November 2024
Cr Scott Martin	Councillor	Expired 28 November 2023

The Chairperson of the Committee is appointed on an annual basis from the independent membership by all members of the Committee.

The Chief Executive Officer, Director Corporate Services, Chief Finance Officer and Corporate Governance Coordinator attend all meetings by invitation to assist the Committee, however they do not have voting rights. A standing invitation is also extended to the Council's appointed VAGO representative (external auditor) KPMG and Council's Internal Auditors (AFS & Associates).

MEETINGS AND ATTENDANCE

Two meetings were held between 1 July 2023 and 31 December 2023 and member attendance was as follows:

Member Name	Meeting 1 14 September 2023	Meeting 2 7 December 2023
Mr David Stafford	✓	✓
Mr Philip Saunders	✓	✓
Ms Bonnie Holmes	✓	✓
Mr Greg Tremewen	✓	✓
Cr Karen Stephens	✓	✓
Cr Michael Carr	✓	✓

Cr John Northcott	Not yet appointed	✓
Cr Scott Martin (Former Mayor)	✘	Expired 28 November 2023

✓ = Attended

✘ = Apology received

The Committee's meeting schedule for the remainder of the 2023/2024 year is as follows:

- 7 March 2024
- 6 June 2024.

EXTERNAL AUDIT

Council's external auditor is the Victorian Auditor General. The Auditor-General appointed KPMG in November as its audit service provider to conduct the Glenelg Shire annual financial audit for the 2023/24 financial year.

The External Auditor's primary duty is to express an opinion on the financial statements, and to report to Council on any weakness in internal control identified during the audit.

INTERNAL AUDIT

Council manages the internal audit function with audits being outsourced to a single service provider established via a public tender process to obtain specialist audit and financial advice and satisfy the requirements under the Council's Procurement Policy. AFS & Associates were awarded the contract on 1 August 2022, expiring 1 August 2024 with an option for one (1) two (2) year extension.

In accordance with the Audit and Risk Committee Charter, Council sets a Strategic Internal Audit Plan to direct the activities of the internal audit function. Internal audit provides a review of the effectiveness of governance, risk management and control processes.

A three-year Strategic Internal Audit Plan 2021-2024 was adopted by Council on 27 July 2021. The following Internal Audits were presented during the period 1 July 2023 and 31 December 2023:

- **Internal Audit – Climate Change Adaptation**
(Internal Audit undertaken by AFS & Associates, presented to the Audit and Risk Committee on 7 December 2023)

For this review the objectives of the scope of works assessed the controls and processes associated within:

- Identify the framework for managing environmental sustainability and climate change including:
 - Strategies in place
 - Reporting against strategy, including management oversight
 - How environmental sustainability/risk factors are incorporated into decision making
 - Roles and responsibilities for implementation o the extent of disruption scenario analysis, stress testing, and assumptions reviewed.
- Benchmark the climate change risks identified and assessed within the risk register against other similar organisations/industry guidance.
- Evaluate the process to assess and identify future risks and impacts.
- Report on treatment plans and strategies promoted to address the risks and confirm the level of activity that has occurred.
- **Internal Audit – Human Resources Workforce Management**
(Internal Audit undertaken by AFS & Associates, presented to the Audit and Risk Committee on 7 December 2023)

For this review the objectives of the scope of works assessed the controls and processes associated within:

- Review of staff attraction, recruitment and on boarding processes.
- Assess employee performance appraisal processes, ensuring basic requirements are met.
- Review staff development processes including assessing the existence of a training and skills management program, matrix and ensuring budget is made to allow for this.
- Confirm the existence of employee exit procedures and controls including return of Council assets, removal of IT and site access.

The internal audit reports contain recommendations regarding process and/or control improvements, along with management comments, which are included in the Audit and Risk Action Plan and reviewed quarterly by the Audit and Risk Committee to monitor the outstanding actions.

KEY ACTIVITIES – AUDIT AND RISK ANNUAL WORK PLAN

Under Section 54 (3) of the *Local Government Act 2020* an Audit and Risk Committee must adopt an annual work program.

The Audit and Risk Committee Annual Work Plan sets the framework for the reports to be considered by the Committee throughout the year.

In addition, the Executive Team include additional items of interest during the year to keep the Committee briefed of emerging issues or changes.

The key activities of the Committee for the period 1 July 2023 to 31 December 2023 were as follows:

Financial Reports

The Committee considered the following finance reports between 1 July 2023 and 31 December 2023:

- Audited Financial Statements as at 30 June 2023
- Glenelg Shire Council Financial September 2023
- Councillor Expenditure Report
- CEO and EA Expenditure Report – Credit Card reimbursements
- Outstanding Debtors at 30 June 2023
- Roads to Recovery 2022/2023
- Borrowings Policy
- Annual Update on Defined Benefits Superannuation vested benefit position.

Risk Management

At each of its meetings the Committee considered a report that provides an overview of developments in relation to Council's organisational risk management function.

The Committee considered the following risk management reports between 1 July 2023 and 31 December 2023:

- Risk, Workcover and OHS Quarterly Report
- Review Council's Insurance Programme
- Council Litigation Matters

- Review Council's Risk Management Framework including Organisational Strategic Risk Register.

Other Matters

The Committee also considered the following matters during the period 1 July 2023 and 31 December 2023 in accordance with its Charter and Annual Work Plan:

- Election of the Audit and Risk Committee Chairperson
- Audit and Risk Committee Biannual Report for the period 1 January 2023 to 30 June 2023;
- Information Assets Register
- Local Government Performance Reporting Framework 2022/2023
- Glenelg Shire Council Annual Report 2022-2023
- Audit and Risk Committee Self-Assessment Survey 2022-2023
- Review Key Policies – Fraud and Corruption Control Policy and Fraud and Corruption Control Plan
- Regulatory and Integrity Agency Reports:
 - VAGO Report Regulating Food Safety 2023 (June 2023)
- Audit and Risk Action List
- Cyber Security Incident Report
- Cyber Crime Action Plan
- Live Fire Business Continuity and Disaster Recovery Exercise Report
- Department of Transport and Planning Information Protection Agreement Audit 2022/2023
- Organisational Enterprise Resource Program (ERP) update
- People Matters Survey
- Attestation Compliance Report (Standing Item)
- Audit and Risk Committee Annual Work Plan Ending 30 June 2024 (Standing Item).

COMMITTEE PERFORMANCE

As required by its Charter, the Committee is required to undertake a self-assessment of its performance measured against the Committee's obligations as detailed in the Charter. The results of the self-assessment were presented to the September 2023 Audit and Risk Committee Meeting.

The results of the self-assessment from seven respondents showed that members have rated the Audit and Risk Committee as having a special strength, performing as expected, with nil areas for focus.

MINUTES OF THE AUDIT AND RISK COMMITTEE

In accordance with Section 54(6) of the *Local Government Act 2020* the Chief Executive Officer must ensure the preparation and maintenance of agendas, minutes and reports of the Audit and Risk Committee and table reports and annual assessments of the Audit and Risk Committee at Council meetings when required and when requested by the chairperson of the Audit and Risk Committee.

Accordingly, all minutes of the Audit and Risk Committee are presented to the next available Council Meeting.

CONCLUSION

It is of the view that the Audit and Risk Committee has discharged its responsibilities under the Audit and Risk Committee Charter and that with the information presented to it, considers the Council has strong executive management, leadership and governance processes in place to proactively respond to organisational risks that may present.

The three-year Strategic Internal Audit Plan 2021-2024 and Internal Audit Annual Work Plan 2023-2024 have been developed taking into consideration both the organisation's operational and strategic risks as well as current emerging issues faced by the Glenelg Shire Council.

The Committee will continue to review Council's governance, accountability, risk and internal controls to reduce the risk to the organisation and recommend improvements where identified.

David Stafford, Chair



On behalf of the Audit & Risk Committee
19 February 2024