
REPORT NO:	4.8
REPORT TITLE:	Audit and Risk Committee Business Undertaken 1 July 2022 - 31 December 2022
SOURCE:	Megan Kruger, Manager Governance
DIVISION:	Finance & Governance
FILE NO:	HCC14/401
POLICY:	-
STRATEGIC OBJECTIVE:	3.2: Deliver responsible and transparent governance, services and sustainable assets that respond to community needs
ATTACHMENT:	1. <i>Audit and Risk Committee Work Program</i>

1. SUMMARY OF REPORT:

- 1.1 Under the Local Government Act 2020 (the Act), Council’s Audit and Risk Committee must:
 - 1.1.1 prepare a biannual audit and report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations, and
 - 1.1.2 provide a copy of the biannual audit and risk report to the Chief Executive officer for tabling at the next Council meeting.
- 1.2 Preparation of this report will comply with the requirements of section 54(5) of the Act.

2. RECOMMENDATION:

- 2.1 **That the Audit and Risk Committee note this report of its activities undertaken for the period 1 July 2022 – 31 December 2022.**
- 2.2 **That this report be provided to the Chief Executive Officer for tabling at the next Council Meeting in accordance with section 54(5)(b) of the Local Government Act 2020.**

3. LEGISLATIVE POWERS:

Local Government Act 2020, section 54(5).

4. DISCUSSION:

- 4.1 The Audit and Risk Committee Charter includes a requirement for the Committee to provide Council with a copy of its meeting minutes and a biannual report. The agendas and minutes of meetings of the Committee have been provided to Councillors and Council has passed resolutions accepting and noting the minutes. This is deemed compliance with the Act in advising Council of the Committee’s findings and recommendations.
- 4.2 This report relates to the period 1 July 2022 to 31 December 2022.
 - 4.2.1 David Nairn – appointed Chair in April 2021, term expiry April 2023
 - 4.2.2 Shannon Buckley – initial term expiry April 2024
 - 4.2.3 Jenny Johanson - initial term expiry April 2025
- 4.3 Council, at its Statutory Meeting held on 2 November 2022:
 - 4.3.1 Appointed Councillor Karen Sherry and Councillor Jarrod Bell as Councillor members of the Audit and Risk Committee.

REPORT NO: 4.8 (cont.)

- 4.4 Members attended all meetings they were eligible to attend, with the exception of Councillor Sam Misho who provided an apology for the 29 August 2022 meeting. The Chairperson, on behalf of the Committee members, attended the 5 September 2022 Councilor Briefing Session and provided Council with confirmation of their satisfaction with Council’s processes and the Committee’s operations. The Chairperson was also given the opportunity to have a confidential discussion with Councillors, without the presence of Council officers.
- 4.5 The Committee met twice during the reporting period and the attached Work Program provides information on planned and actual reporting for the period.

5. CONCLUSION:

The Audit and Risk Committee has developed a strong reporting regime to meet its requirements under its Charter. It has monitored the progress of internal audit recommendations and provided guidance in the consideration of financial and operational matters relevant to the affairs of Hume City.

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23							
	Reporting Period 1 July 2022 – 31 December 2022		Reporting Period 1 January 2023 – 31 June 2023		Comments		
	August 2022	November 2022	February 2023	May 2023			
	Planned	Actual	Planned	Actual			
Monitor the compliance of Council policies and procedures with							
- The overarching governance principles							The process of monitoring Council's compliance with the overarching governance principles is still be developed. One way this will be monitored is by including a section in the Council Report template so that Council can see which principles each Report relates to and ensure that the appropriate principles are being considered for each decision it makes.
Legislative Compliance and Ethics Program			✓				A Report is presented to the Committee annually in relation to Council's legislative compliance with all the pieces of legislation which apply to Council. Any breaches are reported to the Committee in detail covering the consequences of non-compliance, risk of non-compliance and remediation.
- This Act and the regulations and any Ministerial directions.				✓			
Monitor Council financial and performance reporting							
Review of quarterly financial reports			✓		✓		
Year End Financial Reporting						✓	
- Review the financial statements and determine whether they are complete and consistent with the information known to committee members.	✓		✓				
- Meet with management and the external auditors to review the financial statement and the results of the audit	✓		✓				

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23							
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023		Comments
	August 2022		November 2022		February 2023	May 2023	
	Planned	Actual	Planned	Actual	Planned	Planned	
Local Government Performance Reporting Framework	✓	✓			✓		
10-year Financial Plan Assumptions - Review judgmental areas i.e. involving valuation of assets and liabilities						✓	
Shell Accounts for Preparation of the 2020/21 Financial Statements - Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements						✓	
Monitor and provide advice on risk management and fraud prevention systems and controls							
Risk Register Update (Corporate and Departmental Risks) - Receive reports as to the status of the risk register and the actions being taken to manage the identified risks. - Receive reports as to the status of the risk register and the actions being taken to manage the identified risks.	✓	Deferred to February meeting			✓		

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23									
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023				Comments
	August 2022		November 2022		February 2023		May 2023		
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	
Risk Register Update (Fraud Risks) - Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management investigation and follow up of any fraudulent acts or non-compliances.			✓	✓			✓		A Quarterly Risk Update of an overall Risk Team report was presented in lieu of the expected Risk Register update.
Review of Fraud Control Policy and Plan - Review of Risk and Integrity Frameworks - Annual Update			✓						A Quarterly Risk Update of an overall Risk Team report was presented in lieu of the expected Review of Risk and Integrity Frameworks – Annual Update.
Presentation by Director or Manager on risks, responsibilities and actions within their area. - Gain an understanding of the current areas of greatest financial and operation risk and how management is managing these effectively. - Gain an understanding of the operations of Council by having each Director provide a briefing of their division			✓	✓			✓	✓	
Insurance Renewal 2022/23 - Review the adequacy of insurance cover	✓	✓							
Self-assessment against external agency reports (as required) - Review the findings of any examinations by regulatory agencies and monitor that they are appropriately actioned by management.		✓							

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23								
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023		Comments	
	August 2022		November 2022		February 2023			
	Planned	Actual	Planned	Actual	Planned	Planned		
Business Continuity Update (testing completed every three years – next full review 2024; testing in relation to cyber security 2022) - Monitor processes and practices to ensure effective business continuity						✓	The Report scheduled from May 2022, will be included in the Agenda at February 2023 Audit and Risk Committee meeting, as 2023 General Business item.	
Oversee internal and external audit functions								
Internal Audit – Strategic Plan 2021/24 Status Report	✓	✓	✓	✓	✓	✓		
Internal audit – Audit Plan for 2022/23 - Review and approve the annual internal audit plan and any suggested amendments to it during the year						✓		
Attendance by internal auditors at all quarterly meetings - Monitor the effectiveness of the internal audit function on an ongoing basis - Determine whether there are any restrictions on the internal audit function	✓	✓	✓	✓	✓	✓		
Receive and review internal audit reports (as required) - Internal Audit Scope - Review of Procurement Scope - Internal Audit Scope – Review of BCP, DRP and Emergency Management		✓						

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23									
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023		Comments		
	August 2022		November 2022		February 2023	May 2023			
	Planned	Actual	Planned	Actual	Planned	Planned			
- Internal Audit Scopes – Review Landfill Management and Risk Management Frameworks				✓					
- Cyber Security				✓					
- Procurement, Capital Works, Aquatic & Leisure Services				✓					
- Follow Up Review									
- CEO Review (if required)									
External audit - Audit Strategy					✓		VAGO provided an additional Report 'VAGO Update' to the Committee at the November 2022 meeting.		
- Reviewing the proposed audit scope and approach and consider whether any restrictions or limitations have been placed on the scope.									
Review the performance of the external auditors.					✓				
- An annual survey is provided by VAGO for Council's completion in relation to the performance of the external auditors.									
Another other performance issues which arise are raised by exception.									
Consider the independence of the external auditor in the context of any other services provided to Council (if required).							No additional external services were provided during this period.		
External audit - Interim management letter to the Audit and Risk Committee							✓		

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23								
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023		Comments	
	August 2022		November 2022		February 2023			
	Planned	Actual	Planned	Actual	Planned	Planned		
- <i>Monitor the progress of actions proposed in relation to significant findings and recommendations made by the external auditors.</i>								
External Audit - Management letter and closing report to the Audit and Risk Committee								
- <i>Discuss matters arising from the external audit with the external auditor or his agent in the absence of management at least once per year.</i>	✓	✓						
Audit and Risk Committee Work Program								
Work Program (2022/2023)							✓	
Audit and Risk Committee Business Undertaken – Biannual Report (1 January – 30 June/1 July-31 December)	✓	✓				✓		
- <i>Biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations</i>								
Integrity Report			✓	✓			✓	

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23									
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023		Comments		
	August 2022		November 2022		February 2023		May 2023		
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned
Audit and Risk Committee Charter									
Annual assessment of performance against the Audit and Risk Committee Charter	✓	✓							
Audit and Risk Committee Annual Assessment of its Performance against the Charter tabled by CEO at Council Meeting	✓	✓							
Annual Assessment of the Performance of the Internal Auditor		✓							Internal Audit Annual Assessment Report, as requested at the meeting on 27 August 2021.
Review the Audit and Risk Committee Charter (within 12 months following a Council election)	✓	Deferred to February 2023			✓				Report rescheduled to February 2023 Audit and Risk Committee meeting, as 2023 General Business item.
Internal Control									
Management Status Reports – Audits	✓	✓	✓	✓	✓	✓	✓	✓	
- Determine whether all Directors and Managers receive and action the management information reports.									
- Gain an understanding of whether internal control recommendations made by internal and external audit have been implemented by management.									
Fraud Register Notifications (as required)									
- Consider with the internal and external auditors and management any fraud,									

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23									
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023			Comments	
	August 2022		November 2022		February 2023		May 2023		
	Planned	Actual	Planned	Actual	Planned	Planned	Planned		
<i>corruption, illegal acts, deficiencies in internal control or other similar issues</i>									
Legislative Compliance and Ethics Program			✓	✓					
- <i>Review the effectiveness of the corporate governance environment established by management</i>									
Other Responsibilities									
CEO Update and Emerging Issues	✓	✓	✓				✓	✓	An update was not provided to the Audit and Risk Committee November 2023 meeting
Report detailing all reimbursed of out of pocket expenses paid to Councillors (<i>reporting to commence February 2021 and quarterly thereafter</i>)	✓	✓	✓	✓	✓		✓	✓	
The Committee shall report to Council by the provision to Council of a copy of each ordinary meeting minutes.	✓	✓	✓	✓	✓		✓	✓	
Perform other oversight functions as required by Council									
- <i>Information Communication Strategy Update</i>							✓		
- <i>Information and Technology Project Update – Single View of the Customer</i>							✓		
<i>Asset Management System Update</i>							✓		

HUME CITY COUNCIL AUDIT AND RISK COMMITTEE WORK PROGRAM 2022/23									
	Reporting Period 1 July 2022 – 31 December 2022				Reporting Period 1 January 2023 – 31 June 2023		Comments		
	August 2022		November 2022		February 2023	May 2023			
	Planned	Actual	Planned	Actual	Planned	Planned			
Setting of Audit and Risk Committee meeting dates for the next calendar year			✓	✓					
Proposed Agenda outline for next Audit and Risk Committee meeting	✓	✓	✓	✓	✓	✓			