

REPORT NO:

REPORT TITLE: Audit and Risk Committee Business Undertaken 1 July 2020 - 31 December 2020

SOURCE: Megan Kruger, Manager Governance

DIVISION: Corporate Services

FILE NO: HCC14/401

POLICY:

STRATEGIC OBJECTIVE: 5.3 Provide responsible and transparent governance, services and infrastructure which responds to and supports community needs.

ATTACHMENTS: 1. Audit and Risk Committee Workplan 2020/21

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 complies with the principles of the Act, section 54 (5).

2. RECOMMENDATION:

- 2.1 That the Audit and Risk Committee note the report of its activities undertaken for the period 1 July 2020 – 31 December 2020.**
- 2.2 That this report be provided to the Chief Executive Officer for tabling at the first possible 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 2020 to 31 December 2020.
 - 4.2.1 Claire Filson, Chair – term expiry April 2021
 - 4.2.2 David Nairn – term expiry April 2023

REPORT NO: (cont.)

- 4.2.3 Shannon Buckley – initial term expiry April 2024
- 4.3 Council, at its Statutory Meeting held on 12 November 2020:
 - 4.3.1 Appointed Councillor Karen Sherry and Councillor Carly Moore as Councillor members of the Audit and Risk Committee.
 - 4.3.2 Approved an increase in allowances to be paid to the independent members at:
 - (a) Chairperson \$9,250 per annum
 - (b) Member \$7,400 per annum
 - 4.3.3 Appointed Mr David Nairn as Chairperson effective April 2021.
- 4.4 Members attended all meetings they were eligible to attend. Committee members attended the 7 September 2020 Strategy and Policy Briefing (Virtual Meeting) and provided Council with confirmation of their satisfaction with Council’s processes and the Committee’s operations. Committee members were 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
2020/21

	Reporting Period 1 July – 31 December 2020				Reporting Period 1 January 2021 – 30 June 2021		Comments
	August 2020		December 2020		February 2021	May 2021	
	Planned	Actual	Planned	Actual	Planned	Planned	
<i>Monitor the compliance of Council policies and procedures with</i>							
- 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.
- This Act and the regulations and any Ministerial directions			✓	✓			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.
<i>Monitor Council financial and performance reporting</i>							
Review of quarterly financial reports			✓	✓	✓	✓	
Year End Financial Reporting							
- <i>Review the financial statements and determine whether they are complete and consistent with the information known to committee members</i>	✓	✓					
- <i>Meet with management and the external auditors to review the financial statement and the results of the audit</i>							

HUME CITY COUNCIL
AUDIT AND RISK COMMITTEE WORK PROGRAM
2020/21

	Reporting Period 1 July – 31 December 2020				Reporting Period 1 January 2021 – 30 June 2021		Comments
	August 2020		December 2020		February 2021	May 2021	
	Planned	Actual	Planned	Actual	Planned	Planned	
Local Government Performance Reporting Framework	✓	✓			✓		
10-year Financial Plan Assumptions - <i>Review judgmental areas i.e. involving valuation of assets and liabilities</i>						✓	
Shell Accounts for Preparation of the 2020/21 Financial Statements - <i>Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements</i>						✓	
Monitor and provide advice on risk management and fraud prevention systems and controls							
Risk Register Update (Corporate and Departmental Risks) - <i>Receive reports as to the status of the risk register and the actions being taken to manage the identified risks</i> - <i>Receive reports as to the status of the risk register and the actions being taken to manage the identified risks</i>	✓	✓			✓		
Risk Register Update (Fraud Risks) - <i>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.</i>			✓	✓		✓	
Presentation by Director or Manager on risks, responsibilities and actions within their area.			✓	✓	✓	✓	

HUME CITY COUNCIL
AUDIT AND RISK COMMITTEE WORK PROGRAM
2020/21

	Reporting Period 1 July – 31 December 2020				Reporting Period 1 January 2021 – 30 June 2021		Comments
	August 2020		December 2020		February 2021	May 2021	
	Planned	Actual	Planned	Actual	Planned	Planned	
<ul style="list-style-type: none"> - 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					✓	✓	
<ul style="list-style-type: none"> - Fire Management Review - Data Protection and Privacy Review - Delegations Review - Planning Enforcement Review - Follow Up Review - CEO Review (if required) 			✓	✓	✓	✓ ✓ ✓	
Process for the selection of a provider of internal audit services for July 2021 and beyond <ul style="list-style-type: none"> - Where the internal audit function of Council is outsourced to an external service provider, before selection of the service provider is made, the proposed appointee is appropriate and has the necessary skills and experience to undertake the internal audit function to the satisfaction of the Committee. 					✓		
External audit - Audit Strategy <ul style="list-style-type: none"> - 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.

HUME CITY COUNCIL
AUDIT AND RISK COMMITTEE WORK PROGRAM
2020/21

	Reporting Period 1 July – 31 December 2020				Reporting Period 1 January 2021 – 30 June 2021		Comments
	August 2020		December 2020		February 2021	May 2021	
	Planned	Actual	Planned	Actual	Planned	Planned	
Consider the independence of the external auditor in the context of any other services provided to Council.							No additional external services were provided during this period.
External audit - Interim management letter to the Audit and Risk Committee - <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 (2020/21 and 2021/22)	✓	✓				✓	
Biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations	✓	✓			✓		
Biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes its findings and recommendations	✓	✓			✓		
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	✓	✓					

HUME CITY COUNCIL
AUDIT AND RISK COMMITTEE WORK PROGRAM
2020/21

	Reporting Period 1 July – 31 December 2020				Reporting Period 1 January 2021 – 30 June 2021		Comments
	August 2020		December 2020		February 2021	May 2021	
	Planned	Actual	Planned	Actual	Planned	Planned	
Review the Audit and Risk Committee Charter within 12 months following a Council election (<i>next review by October 2021</i>)							
Internal Control							
Management Status Reports – Audits - <i>Determine whether all Directors and Managers receive and action the management information reports</i> - <i>Gain an understanding of whether internal control recommendations made by internal and external audit have been implemented by management</i>			✓	<i>Deferred to February 2021</i>	✓	✓	
Fraud Register Notifications (as required) - <i>Consider with the internal and external auditors and management any fraud, 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	✓	✓	✓	✓	✓	✓	
Report detailing all reimbursed of out of pocket expenses paid to Councillors (<i>reporting to commence February 2021 and quarterly thereafter</i>)					✓	✓	

