



# BI-ANNUAL AUDIT & RISK COMMITTEE REPORT



## Role of the Audit and Risk Committee

Section 53(1) of the Local Government Act 2020 (the Act) states that “a Council must establish an Audit and Risk Committee’.

The role of the Audit and Risk Committee (Committee) is to provide structured, systematic oversight of Golden Plains Shire Council’s (Council) governance, risk management and internal control practices. The Committee assists Council and its management by providing advice and guidance on the adequacy of initiatives for:

- values and ethics;
- governance structure;
- risk management;
- internal control framework;
- internal and external audit activity; and
- financial statements, performance, and public accountability reporting.

## Independence

An independent Committee is a fundamental component of a strong corporate governance culture. The Committee is appropriately independent of management and is not involved in any operational decisions. Committee members do not have any executive powers, management functions or delegated financial responsibilities.

## Composition of the Committee

Committee membership is comprised of five members appointed by Council, with two members being Councillors (one of which must be the Mayor) and three members being independent of Council. All members have full voting rights.

The Act has specific requirements about the Committee collectively having expertise in financial management and risk, experience in public sector management, and precluding any person who is a member of Council staff from being a Committee member.

Committee membership has remained stable during the reporting period, which has enhanced the ability of the Committee to provide a value adding experience to Council. Members have been fully engaged in all meetings held during the reporting period and have made valuable contributions to the work of the Committee.

## Committee Charter

The Charter sets out the authority of the Committee to carry out the responsibilities established for it by Council. The Charter is set by Council and was last reviewed and approved by Council on 27th June 2023. The Charter is reviewed annually by the Committee and will be presented at the August 2024 Audit and Risk Committee for approval.

## Reporting Period of this Report

This report covers the Committee’s work for the meetings held on 13 February 2024 and 14 May 2024.

## Meeting Attendance

Details of Committee membership and meeting attendance for the reporting period are summarised in the table below:

Name	Role	Meetings	
		13 February 2024	14 May 2024
Joseph Adamski	Independent Member (Chair)	Attended	Attended
Andrew Pearce	Independent Member	Attended	Attended
Phil Delahunty	Independent Member	Apology	Attended
Cr Brett Cunningham	Councillor (Mayor)	Attended	Attended
Cr Owen Sharkey	Councillor	Attended	Attended

## Senior Management Team

The Committee has been strongly supported by Council's Senior Management Team (SMT) who attend all Committee meetings when available.

Council's Manager Finance, Manager ICT, Manager People and Performance and Coordinator Governance and Risk attended both meetings during the reporting period to provide detailed updates to the Committee on the applicable activities of their respective divisions within Council. This has enabled the Committee to gain a better appreciation of Golden Plains Shire specific matters.

## External Service Providers

The internal audit team (Crowe) and the external audit team (VAGO) have attended both meetings during the reporting period.

## Committee Business

The agendas for the Committee meetings are driven by the Committee's Annual Work Plan.

## Annual Work Plan

Under Section 54(3) of the Act, a Committee must adopt an annual work program.

Each year the Committee collaborate with Council's Director Corporate Services to establish an Annual Work Plan to ensure that the responsibilities of the Committee are scheduled and will be carried out.

The Annual Work Plan is reviewed in May each year at the same time as the Charter. The work of the Committee over the reporting period is summarised below in each of the key areas:

### Financial and Performance Reporting

- Finance reports for Quarter 2 and Quarter 3 of the 2023-2024 financial year were reviewed, questioned and noted by the Committee at the February and May 2024 meetings. The quarterly reports assist the Committee to gain assurance on the financial management of Council's operations. Section 138 of the *Local Government Act 1989* requires a statement comparing the budgeted revenue and expenditure for the financial year with the actual revenue and expenditure to date to be presented to Council at least every three months. These reports are provided to the Committee for noting prior to being presented at the following Council meeting.

- The 2024-25 Draft Budget was prepared in accordance with the requirements of the Act and reviewed, questioned, and noted by the Committee at the 14 May 2024 meeting. At the 23 April 2024 Council meeting, Council endorsed the draft budget to be placed on public exhibition from 20 May 2024 for community feedback with submissions to be heard at a meeting on 4 June 2024 before the budget was adopted at the 25 June 2024 Council meeting.
- The Local Government Performance Reporting Framework (LGPRF) 6 monthly report was received by the Committee at the February 2024 meeting for the period 1 July 2023 to 31 December 2023. The LGPRF is a mandatory system of performance reporting for all Victorian Councils. It ensures that Councils are measuring and reporting on their performance against 58 measures from a range of service areas, including roads, planning, animal management and waste.

### **Internal Control Environment**

- Council is replacing our core systems, known as the Core System Transformation Program. There are 5 subprojects covering records, customer requests, finance, community safety and property & rates. The Committee reviewed, questioned and noted the progress of the program at the February 2024 Committee meeting.

### **Risk Management**

- Risk management and insurance reports for Quarter 2 and Quarter 3 of the 2023-2024 financial year were reviewed, questioned and noted by the Committee at the February and May 2024 meetings. These reports provide the Committee with an update on new risks identified, emerging risk events/issues, audits undertaken during the quarter, upcoming audits, and other items of interest to the Committee.
- Safety and wellbeing reports for Quarter 2 and Quarter 3 of the 2023-2024 financial year were reviewed, questioned and noted by the Committee at the February and May 2024 meetings. The Committee received an update at both meetings regarding incident reporting, claims, current priorities and highlights for the quarter.

### **Fraud Prevention Systems and Controls**

- Detecting instances of fraud and corruption and actions taken were reviewed, questioned and noted by the Committee at the February and May 2024 meetings. No instances of fraud or corruption were reported on during this reporting period.

### **Internal Audit**

- At each meeting, the Committee reviews, questions and notes the progress on Council's internal audit program, which is presented by Council's internal auditor.
  - At the February 2024 meeting, the Committee noted:
    - During the 2023 year a number of quarterly data analytics audits were completed, together with audits on waste handling, asset management and the follow-up of previous audit recommendations.
    - A business improvement review of the communications and engagement function was underway.
  - At the May 2024 meeting, the Committee noted:
    - The findings from the business improvement review which found a number of areas for improvements including the following:
      - The Communications and Marketing Strategy does not reflect current practices.
      - The Community Engagement Policy is out of date and does not reflect current practices.

- The upcoming internal audit projects being:
  - Payroll including data analytics due on 24 June 2024
  - Child Safety Standards due on 14 October 2024
  - Statutory Planning due on 18 November 2024
  - Capital Works due on 11 November 2024
- At each meeting, the Committee reviews, questions and notes the updates on outstanding internal and external audit actions. These reports manage and monitor the progress to ensure outstanding actions are completed.

### **External Audit**

- At the May 2024 meeting, the committee reviewed, questioned, noted and approved the Victorian Auditor General's Office (VAGO) 2023-24 draft audit strategy prepared by VAGO which sets out their approach to the external audit of the financial report and performance statement of Council for the year ending 30 June 2024.

### **Compliance Management**

- Governance reports for Quarter 2 and Quarter 3 of the 2023-2024 financial year were received by the Committee at the February and May 2024 meetings, noting the progress on the Governance Reform and Improvements Program which seeks to encourage improved standards of behaviour, processes, and practices to strengthen governance.
- At the February and May 2024 meetings, the Committee reviewed, questioned and noted publications of interest released during the previous quarters, prepared by Council's internal auditor. The publications of interest identify outcomes for industry audits or reviews which may have the potential to impact Council's financial viability.
- At the May 2024 meeting, the Committee reviewed, questioned and noted the cyber security testing results from two separate phishing exercises that were undertaken in the February 2024 period.

## **Reporting to Council**

After every Committee meeting, minutes are presented to the next Council meeting. In addition, the Committee Biannual Report will be provided to Council half yearly.