

Audit and Risk Committee Biannual Activity Report

January to June 2023



The Audit and Risk Committee

The role of the Audit and Risk Committee (Committee) is set out in the Audit and Risk Committee Charter, adopted by Council on 18 August 2020.

The Committee provides independent and objective assurance and assistance to the Yarra City Council and its Chief Executive Officer on Council's risk management, control and compliance framework, and its external financial and performance accountability and responsibilities. In addition, the Committee provides advice to Council that will assist Council in fulfilling its corporate governance and oversight responsibilities.

The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated authority. The Committee does not have any management functions and is therefore independent of management.

The Council has authorised the Committee, within the scope of its role and responsibilities to:

- obtain any information it needs from any employee and/or external party;
- discuss any matters with the external or internal auditor, or other external parties;
- request the attendance of any Council Officer, Councillors, and/or the internal and external auditors;
- request that Council Officers obtain external legal or other professional advice, as the Committee considers necessary to meet its responsibilities, at Council's expense;
- require reports from Council Officers, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Council's financial reporting process; and
- request that the Chief Executive Officer table a report from the Committee at a meeting of the Council.

Purpose of the biannual activity report

This report meets the reporting requirements to Council as required by section 54(5) of the Local Government Act 2020 (Act).

The report provides Council and the community with a summary of the matters that the Audit and Risk Committee has addressed in the reporting period in discharging its responsibilities under its Charter and under the Act. Further, the report provides Council with the Committee's findings and recommendations for the period.

This report provides an overview of the activity of the Audit and Risk Committee from 1 January to 30 June 2023.

Committee Membership

The Committee comprises five members, three of which are independent members and two Councillors.

David Ashmore, Chair David Ashmore is a Fellow of the Institute of Chartered Accountant and was in public practice working predominately as an Audit Partner. He is also a graduate of the Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australia. Mr Ashmore has for the past 15 years been appointed to a variety of Audit Committees mainly for Local Government entities and also has an appointment as Chairman for an ASX listed public Company.

Cr Herschel Landes Cr Herschel Landes was elected to Yarra City Council in October 2020. Cr Landes was appointed to the Audit and Risk Committee in November 2020.

Helen Lanyon Helen Lanyon is a Fellow of CPA Australia and is a graduate of the Australian Institute of Company Directors. Over a 40-year career, Ms Lanyon has held numerous senior executive roles, primarily in local government and has broad experience in the corporate services portfolio disciplines. Ms Lanyon also has extensive experience on a range of advisory committees.

Kylie Maher Kylie Maher has over 25 years' experience in providing Finance, Risk and Governance advisory services. As the partner in charge of a Governance and Risk Advisory practice, Kylie leads risk and audit consulting services in education, government, community services and the aged care sector and is a member of a number of public sector audit committees. Kylie holds a Bachelor of Business (Accounting) and is a Graduate, Australian Institute of Company Directors, a Certified Practising Accountant and a member of the Institute of Internal Auditors.

Cr Claudia Nguyen Cr Claudia Nguyen was elected to Yarra City Council in October 2020 and was elected Mayor in November 2022. Cr Nguyen was appointed to the Audit and Risk Committee in November 2022.

Committee Attendance

The Committee met three times during the period.

Current Members	Meetings attended
David Ashmore	1 of 2
Cr Herschel Landes	2 of 2
Helen Lanyon	2 of 2
Kylie Maher	2 of 2
Cr Claudia Nguyen	2 of 2

In addition to the appointed members, all Councillors receive Audit and Risk Committee meeting papers and have a standing invitation to attend meetings as an observer. No Councillors took up this opportunity during the period.

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Committee Activity

The tables below set out the activity of the committee during the period of this report, including a summary of the matters discussed and any recommendations made by the Committee to the Council. It should be noted that only recommendations from the Committee to the Council are reported here – recommendations and actions agreed to by management do not form part of this activity report.

9 March 2023

Matter considered	Summary
Report by the Chief Executive	The CEO provided a verbal report to the Committee on a range of matters including the organisation restructure and senior staff changes, waste charge, security issues, financial sustainability, the mid-year budget review, the draft Annual Budget 2023/2024 and the introduction of monthly Governance Reports and public tender reports.
External audit strategy	The Committee received a presentation of the 2023 audit strategy memorandum from VAGO's appointed agent.
Review of actions arising from previous meetings	The Committee reviewed the status of actions arising as a result of matters raised at previous Committee meetings.
Quarterly Risk Review	The Committee received a quarterly risk review, focussing on the management of high and very high risks.
Internal Audit - Status Report	Council's internal auditors presented a report on the status of the internal audit program. The Committee noted some updates required.
Internal Audit – BCP and Disaster Recovery	Council's internal auditors presented its findings following an internal audit into Council's business continuity planning and disaster recovery plan. The report resulted in seven agreed management actions being added to the database for monitoring.
Internal Audit – Purchasing Cards and Councillor Expenses	Council's internal auditors presented its findings following an internal audit into Council's management of purchasing cards and councillor expenses. The report did not result in any management actions being added to the database for monitoring.
Internal Audit – Project Management	Council's internal auditors presented its findings following an internal audit into Council's project management. The report resulted in six agreed management actions being added to the database for monitoring.
Internal Audit – Payroll	Council's internal auditors presented its findings following an internal audit into Council's payroll data (including data analytics). The report resulted in one agreed management action being added to the database for monitoring.

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Matter considered	Summary
Review of actions arising from previous internal audits	The Committee reviewed the status of the implementation of agreed management actions arising from previous internal audits.
Draft Internal Audit Plan	The Committee was presented with a draft Internal Audit Plan for 2023 and provided feedback to management.
Quarterly annual plan progress and financial report	The Committee noted a standing quarterly report including the quarterly progress against the annual plan and the quarterly finance report dated 31 December 2022.
Audit and Risk Committee policy oversight	The Committee received a presentation on proposed changes to the Policy Development Policy, and agreed in principle to the changes, subject to the opportunity to engage further in the process regarding the specific wording.
Audit and Risk Committee Biannual Activity Report	The Senior Governance Advisor presented the biannual activity report for the committee's review. The Committee endorsed the report and provided it to the Chief Executive Officer for tabling at the next available Council meeting.
Recent Reports and Publications - Management response	The Committee received a standing quarterly report from the internal auditor presenting a number of recent reports and publications relevant to the local government sector. The Committee noted the management responses to these reports.

1 June 2023

Matter considered	Summary
2021/2022 Financial Statements, Performance Statement and Audit Results	The Victorian Auditor General's agent provided an overview of the audit outcomes as set out in the closing report and presented the final management letter. The Committee congratulated management on the outcome. The financial and performance statements were endorsed by the Committee, subject to the incorporation of a number of suggestions.
Annual Budget and Long Term Financial Plan	The Director Corporate, Business and Finance presented Council's Annual Budget 2022/2023 and Long Term Financial Plan 2022/23 to 2031/32.
Very High and High Operational Risk Report	Management provided a special report on the very high and high risks on Council's Operational Risk Register. The Committee provided some specific feedback for management's consideration.
Meeting with the external auditor without management present	The Committee met with the external auditors in the absence of management.

Recommendations to Council

The Audit and Risk Committee's oversight role is primarily discharged by providing advice and direction to Council's Chief Executive Officer and senior management, particularly those within the finance, risk management and governance portfolios. That said, it is recognised that there may be rare circumstances where the Committee may wish to provide advice direct to the Council, without relying on management.

There are three mechanisms for the committee to provide this advice:

- Firstly, the Council has authorised the Audit and Risk Committee through its Charter to request that the Chief Executive Officer table a report from the Committee at a meeting of the Council;
- Secondly, the Local Government Act 2020 provides that the Chief Executive Officer must table a report of the Committee at a meeting of the Council where requested by the Committee Chair; and
- Thirdly, the Local Government Act 2020 provides that a Committee may make formal recommendations to Council in this biannual activity report.

In the period 1 January to 30 June 2023, neither the Committee nor the Committee Chair requested that the Chief Executive Officer table a report at a Council meeting.

At its meeting on 14 September 2023, the Audit and Risk Committee made the following formal recommendation to Council:

That Council note the following statement from the City of Yarra Audit and Committee:

'The Audit and Risk Committee notes that Council has proactively worked to improve its financial position over the last few financial years and will continue to receive regular reports from management and maintain oversight of the situation. The Audit and Risk Committee further notes that a significant effort is still required from Council to achieve long term financial sustainability.'