

# Audit and Risk Committee Biannual Activity Report

July to December 2023

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## 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 July to 31 December 2023.

## Committee Membership

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

### Current Members

**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.

**Kylie Maher** Kylie Maher has expertise in governance, risk, and compliance, spanning various sectors including education, health, and government. As a Certified Practicing Accountant and graduate of the Institute of Company Directors, Kylie has formerly served in Partner/Director capacities at Moore and KPMG, leading internal audit and assurance services. She has a wealth of experience serving on audit and risk committees, presently occupying seven independent member roles across local government, the Federal Accounting and Auditing Standards Board, University of Melbourne, and community health sectors. Additionally, Kylie serves as a non-executive Director in the community health domain, ensuring she remains abreast of leading practices through her ongoing involvement in risk management and consulting projects as an independent consultant.

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

**Lisa Tripodi**  
(from 1 Dec 2023) Lisa Tripodi is a former Partner accounting and assurance services and Director IT project services with over 25 years' business experience with oversight and management of five business units and over 100 staff providing assurance, accounting, risk, governance, and IT services in both the public and private sectors including state and local government, education, health, and banking sectors. Lisa serves on 12 audit and risk committees, including 10 in the local government sector.

### Former Members

**Helen Lanyon**  
(to 14 Sep 2023) 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.

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### Committee Attendance

The Committee met three times during the period.

Current Members	Meetings attended
David Ashmore	3 of 3
Cr Herschel Landes	3 of 3
Kylie Maher	3 of 3
Cr Claudia Nguyen	1 of 3
Lisa Tripodi	1 of 1
Former Members	
Helen Lanyon	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.

### 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.

#### 31 August 2023

Matter considered	Summary
2022/2023 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.
Forward Internal Audit Report Schedule	Council's internal auditors presented a report on the status of the internal audit program. The Committee noted some updates required.
Draft Financial Sustainability Strategy	Management presented a draft of the Financial Sustainability Strategy and the committee provided feedback ahead of its presentation to Council.
Meeting with the external auditor without management present	The Committee met with the external auditors in the absence of management.

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14 September 2023

Matter considered	Summary
Report by the Chief Executive	The Acting CEO provided a verbal report to the Committee on a range of matters including the VAGO Audit into financial management of Local Councils, the Financial Sustainability Strategy, the operation of the Clifton Hill transfer station, Operation Sandon and preparations for the 2024 Council election.
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 and safety update	The Committee received a quarterly risk review, focussing on the OHS Policy and Risk Management Policy.
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.
Internal Audit - Status Report	Council's internal auditors presented a report on the status of the internal audit program. The Committee suggested some additions for future reports.
Internal Audit Plan	The Committee received a report on a proposed internal audit plan, which was agreed to following some amendments.
Internal Audit – Complaints Management	Council's internal auditors presented its findings following an internal audit into Council's complaints management. The report resulted in three agreed management actions being added to the database for monitoring.
Internal Audit – Tendering	Council's internal auditors presented its findings following an internal audit into Council's tendering processes. The report resulted in three agreed management actions being added to the database for monitoring.
Operation Sandon	Management provided a report into the findings of the IBAC in its final report following Operation Sandon. The Committee discussed the implications of the findings, and the recommendations of the report.
Cyber Security Strategy	The Committee was provided with a report outlining Council's approach to cyber security, which set out the vision, goals and outcomes; and the plans to deliver a cyber-security strategy within the framework of the larger Digital Transformation program.
Audit and Risk Committee Biannual Activity Report	Management 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, together with a recommendation from the Committee.
Policy Library status report	Management provided a report setting out the status of key policies in Council's policy library.

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Matter considered	Summary
Councillor Expenses Policy annual report	An annual report setting out the details of Councillor expenses for the 2021/2022 year was tabled.
Child Safety status report	A status report on the implementation of Council's child safety obligations was provided for the Committee's information.
eLearning status report	A status report setting out the compliance levels of Council's eLearning system was tabled.
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.
Effectiveness of the internal audit	The Committee met with management in the absence of the internal auditors.

7 December 2023

Matter considered	Summary
Report by the Chief Executive	The CEO provided a verbal report to the Committee on a range of matters.
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 Council's insurance claims data, workplace injury statistics and the outcomes of the strategic risk review..
Internal Audit - Status Report	Council's internal auditors presented a report on the status of the internal audit program.
Internal Audit – Penetration testing	Council's internal auditors presented its findings following an internal audit including a penetration testing exercise. The report resulted in four agreed management actions being added to the database for monitoring.
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.

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Matter considered	Summary
Enterprise Resource Planning procurement	The Committee received a report on Council's proposed approach to the Enterprise Resource Planning procurement ahead of a subsequent report to Council.
Quarterly Community Report - Q1 2023/2024	Management presented the Quarterly Community Report which included updates on the quarterly financial results, progress of the capital works program and progress against the City of Yarra Annual Plan.
2024 Meeting dates	The Committee agreed on meeting dates for 2024.
2024 Workplan	The Committee endorsed a workplan for its activities for 2024.
2024 Audit and Risk Committee Chairperson	The Committee endorsed the nomination of Kylie Maher as the Committee chair for 2024 and determined to present the nomination to Council for endorsement.
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.
Effectiveness of the external audit	The Committee met with management in the absence of the external auditors.

### 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 July to 31 December 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 4 April 2024, 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 acknowledges the progress by management toward ongoing financial sustainability, including the adoption by Council of a Financial Sustainability Strategy and the preparation of a balanced draft 2024/2025 budget for Council’s consideration. The Committee notes the significant focus, effort and achievements of management to date to achieve these outcomes and the ongoing commitment to managing these risks.’”