

## 6.2.8 Cardinia Shire Audit and Risk Committee (ARC) For Presentation to Council by the CEO

**Responsible GM:** Debbie Tyson  
**Author:** Michael Said, Chair – Audit & Risk Committee

### Recommendation(s)

That Council note the report for the Audit & Risk Committee activities presented to Council by the Chair, Michael Said.

### Attachments

Nil

### Introduction

Under Section 54 (5) of the Local Government Act 2020 the Audit and Risk Committee (ARC) must prepare a biannual report which the Chief Executive Officer must table at the next Council meeting. This is the fourth of these reports and covers three ARC meetings since the formation of the new Council in November 2020.

### Audit & Risk Committee membership

- Mr Michael F Said OAM, CPA Independent Chairperson
- Vincent Philpott – Independent Member
- Leanna La Combre –Independent Member (Commenced March 2022)
- Cr Jack Kowarzik
- Cr Stephanie Davies (On maternity leave)
- Cr Tammy Radford (replacing Cr Davies)

All independent members are experienced people in ARC's in Local Government.

### Committee meetings and Audit & Risk Committee Charter

The Committee held 3 meetings, the 17<sup>th</sup> June, 16<sup>th</sup> August (Annual statements) and 16<sup>th</sup> September 2022. The agenda for all meetings was in accordance with the agreed ARC work plan for the 2021-2022 ARC work year. All members of the ARC were present for the August and September meetings and Cr Davies was an apology for the June meeting. The CEO, all General Manager and other officers attending as required.

### Audit & Risk Committee Objectives and Purpose

The key objective and purpose of the ARC as stated in the ARC Charter is to “provide support to Council in discharging its oversight responsibilities related to:

- financial and performance reporting,
- risk management,
- fraud prevention systems and control'
- internal and external audit assurance services, and
- councils compliance with its policies and legislative and regulatory requirements”

## **Audit & Risk Committee Responsibilities and Activities**

### **Financial and Performance Reporting**

Comprehensive quarterly and year to date (YTD) financial and performance reports were presented and discussed at both the June and September meetings. There were no matters of concern noted by the ARC

### **Internal Control Environment**

The CEO advised the ARC that there were no organizational or system changes that impacted on the internal control environment at Council. In addition, the ARC reviewed the various comprehensive 'data analytics' papers related to various subject matters such as procurement and OHS at each meeting.

### **Risk Management (RM)**

The ARC reviewed and discussed RM updates at the June and September meetings, including reports from Executive Management (EM) relating to RM activities. An updated schedule of all strategic risks together with all high operational risks was discussed at our March ARC meeting. This schedule details the status of the 11 strategic risks (3 high and 8 moderate) and the 25 operational risks with high risk ratings.

Minutes for all strategic and extreme and high operational risks were made available to the ARC. The ARC was further advised that the Business Continuity Management (BCP) and OHS Committees continue to meet on regular basis. These minutes are of value to the ARC as it indicates the robustness of RM and active implementation of RM responsibilities under the LG Act 2020

The ARC was advised that a specialist Risk Management consultant has been engaged to conduct a workshop for the leadership group and managers so as to improve:

- the understanding of risk management and Council's R M Framework,
- assist in a developing a common understanding of requirements and consistent application of RM principles, and
- improve the skills and knowledge of all officers with responsibility for RM.

The committee also discussed the amended RM policy and RM framework covering the 2022-2026 period.

The ARC also reviewed the coverage for all insurance classes and noted increase in premiums which experience was in line with the local government generally.

The ARC is very pleased to see this continuing commitment from the Senior Leadership Team to continue to build on the risk management culture within Council.

**Fraud Prevention Systems and Controls**

Risk registers of Council include relevant risk and control information related to fraud and corruption control.

In addition, the ARC continues to monitor outcomes from reviews by integrity bodies including the Auditor General, Ombudsman, IBAC and LG Inspectorate reports relating to this topic, especially those related to the Local Government will be considered by the ARC after “self-evaluation/gap analysis” by Council officers of these reports.

**Internal audit**

The Partner and senior audit manager from the contracted internal audit firm attended the November and March meetings and presented their status reports (on progress against the approved internal audit plan) and other literature of a general nature relevant to work of ARC’s generally. In addition, he presented the following two internal audit reports:

- *Occupational Health & Safety review (covering both staff and contractors);*
- *Developer Contributions (DCP Finance and Assets); and*
- *Child Safety Standards*

Report findings and audit recommendations identifying where controls could be strengthened together with comprehensive management comments were discussed by the ARC. The ARC monitors the implementation by management of all audit recommendations at subsequent meetings.

Prior to the commencement of any internal audit, the ARC is provided with the proposed scope (MAP) of each audit. The MAP is developed by the auditor, with input from SLT, and discussed and approved at ARC meetings. Any ad hoc engagements undertaken by the internal auditor must similarly be referred to the ARC prior to commencement. There were no additional assignments

**External Audit by the Auditor General (AG)**

The ARC met in late August to review the financial performance statements and the closing report issued by the agent of the AG. The AG issued unmodified (clear) opinions on both the financial and performance statements for the 2021-2022 financial year.

In addition, the ARC met with agent partner in camera and were informed that he did not encounter any difficulties during the audit and the preparation, and all supporting papers provided by Council officers were of a high quality and presented in a timely manners.

**Compliance**

The CEO provides the ARC with an update at each meeting relating to any noncompliance matter relating to Council policies and/or any Legislation. No instances of non-compliance issues were reported to the ARC for the period covered by this report.

The ARC continued to monitor the implementation of the Local Government Act 2020 (LGA 2020) and also received updates at each meeting

**General**

This report has been reviewed and approved by ARC members and respectfully request Council note this report .

Michael F Said OAM, CPA  
Chair - Cardinia Shire ARC

6 October 2022