

# **Report to Council of City of Whitehorse Audit and Risk Committee (ARC) for presentation to Council by the CEO**

## **Chairman's Report to Council**

### **1. 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 first of these reports and covers two ARC meetings since the formation of the new Council in November 2020.

### **2. ARC Membership**

- Mr Michael F Said OAM, CPA Independent Chairperson
- MS Lisa Woolmer CA, GAICD Independent Member
- Mr Jonathan Kyvelidis CA, MAICD Independent Member (Appointed February 2021)
- Cr Denise Massoud
- Cr Trudy Skilbeck

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

### **3. Committee Meetings and ARC Charter**

Council approved a new ARC Charter on 24 August 2020 in accordance with the implementation timetable prescribed in the Local Government Act 2020. The Committee held 2 meetings on the 7th December 2020 and 15th March 2021 in accordance with the agreed ARC work plan for the 2020-2021 ARC work year. All members were present at required meetings together with the Executive Management Group and other officers as required for the presentation and discussion of agenda items. The matters on the agendas followed the ARC work plan for the 2020-2021 ARC work year.

A draft of the new ARC work plan for the 2021 -2022 ARC work year is currently being developed by the Chair of the ARC together with members of Executive Management Team (EMT). The involvement of the EMT is to ensure efficiency in the implementation of the ARC work program. The draft work plan will be discussed at the May meeting of the ARC. The new work plan will assist in meeting the requirements of the new charter and ARC responsibilities under the new LG Act

### **4. ARC Objectives and Purpose**

The key objective and purpose of the ARC as stated in the ARC Charter is to

“provide independent advice and assistance to the Chief Executive Officer and the Council on the City's risk, control and compliance framework, and its external accountability and legislative compliance responsibilities”.

## **5. ARC Responsibilities and Activities**

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

The ARC reviewed and discussed the half yearly report from the Executive Management (EM) relating to RM activities. Included in this report was a table related to Councils activities in respect to the management of Covid 19.

### **5.2 Financial and Performance Reporting**

Comprehensive quarterly and year to date (YTD) financial and performance reports were presented and discussed at the December and March meetings. (These reports are also available on the Council's website).

### **5.3 Compliance**

The CEO provides the ARC with a report at each meeting relating to any noncompliance matter relating to Council policies and/or any Legislation. No significant non-compliance issues were reported to the ARC.

The ARC considered Councils review of a recent report by the Auditor General on Sexual Harassment in Local Government. Whilst Whitehorse Council was not the subject of the report, the ARC considered Council's response to the 11 recommendations made in the report relevant to the Local Government sector as a whole.

It is standard procedure for the ARC to receive reports from Management in respect to any reports issued by AG, Victorian Ombudsman, IBAC and Privacy Commissioners that may be of relevance to the Council and the Local Government industry generally.

### **5.4 Internal audit**

The Internal Auditor attended both meetings and presented his internal audit program status reports and other literature of a general nature relevant to work of ARC's generally. In addition the following three internal reports were presented:

- Child Safety Standards,
- Project Management, and
- Rates Management.

Report findings and audit recommendations together with management comments and actions were discussed by the ARC. No high risk findings were identified in any of the reports.

In addition, Memorandum of Audit Planning (MAP) in respect to Volunteer Management and Food and Health Services were reviewed and approved by the ARC.

It should be noted that, prior to the commencement of any internal audit, the committee is provided with the proposed scope (MAP) of each audit. The scope is developed by the auditor with reference to the executive management team and Council's risk management framework / register and discussed and approved at audit committee meetings. The scope documents for any ad hoc audit engagements must similarly be referred to the AC prior to commencement of the audit. Further, the

ARC follows up and monitor on the implementation of all outstanding audit recommendation at each meeting.

### **5.5 External Audit**

The Acting Director of Audits for the Local Government Sector of the Auditor General presented the audit strategy in respect to the audit of the 2020-2021 financial and performance statements at the March meeting.

In addition to the standard audit objectives in respect to their review of the annual financial and performance statements, the Director of the AG indicated that they will:

- review the impact of COVID 19 on Whitehorse's financial reporting such as changes to revenue streams, demand on specific services, impacts on your workforce and associated cost implications, valuation of assets, additional provisioning requirements and cash flows,
- assess the impact of COVID 19 on Council's control environment (due to work from home arrangements, changes to financial delegations' limits etc), and
- audit the specific disclosures highlighting the impact of COVID 19 and ensure compliance with model LG financial report template for 2020-21.

### **5.6 Fraud and Corruption**

The ARC (as per the ARC work plan) will undertake a formal review of the fraud policy including ensuring matters relating to ongoing training are undertaken and documented. In addition, reviews undertaken by the Ombudsman and IBAC relating to this topic, especially those related to the Local Government industry, will be considered by the ARC after council officers conduct "self-evaluation/gap analysis" of these reports.

Any instances of potential fraud or corruption are advised to the Chair of the ARC by the CEO and discussed at the following ARC meeting in a confidential setting.

### **5.7 Organisational Structure Changes/Service Reviews**

The CEO briefed and provided the ARC at both the December and March meetings with comprehensive reports related to these matters. Members were able to raise and question the CEO on matters in the report and other compliance matters

### **5.8 General**

This report has been reviewed and approved by ARC members.

Michael F Said OAM, CPA

Chair

City of Whitehorse ARC

4 April 2021