

Report to Council of Whitehorse City Council's Audit and Risk Committee for presentation to Council by the CEO

Chairman's Report to Council

1. Introduction

Under Section 54 (5) of the Local Government Act 2020 (LGA 2020), the Audit and Risk Committee (ARC) must prepare a biannual report which the Chief Executive Officer must table at the Council meeting. This is the third of these reports and covers two ARC meetings since the last biannual report presented to the Council.

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
- Cr Denise Massoud
- Cr Andrew Davenport

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

3. Committee Meetings and ARC Charter

The Committee held 2 meetings on 22 November 2021 and 21 March 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 both meetings together with the CEO, all Directors and other officers as required.

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

The ARC reviewed and discussed risk management updates at the November 2021 and March 2022 meetings, including reports relating to risk management activities. An updated strategic risk register was presented to the ARC at the March 2022 meeting. The number of strategic risks has been reduced by 2 with these 2 risks transferred to operational risks. In addition to identifying each risk, the register also shows inter alia the controls in place to mitigate risks including any new controls, status of completion for each control, the level of residual risk

after treatment and the target level of risk that has been determined to be acceptable to Council. The ARC is of the view that Council's risk management is sound and of a high standard.

There are a number of management committees established to review and monitor the operation of selected risk management responsibilities. The Risk Management Committee (RMC), consisting of the CEO, all Directors and the Coordinator Risk & Insurance, meet on a regular basis to oversee both the strategic and operational risk registers. Other key committees are the Business Continuity Management Steering Committee, Fraud and Corruption Control Committee, and Corporate OHS Committee. Minutes from meetings of these committees were presented to the ARC at the November 2021 and March 2022 meetings. These minutes are of value to the ARC as it indicates the robustness of risk management and active implementation of all risk management responsibilities.

5.2 Financial and Performance Reporting

Comprehensive quarterly and year to date financial and performance reports were presented and discussed at both meetings covered by this report. There were no matters of concern noted by the ARC.

5.3 Compliance

The CEO provides the ARC with an update at each meeting relating to non-compliance with 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 key requirements of the LGA 2020 and also received updates at each meeting.

5.4 Internal audit

The Partner and Senior Audit Manager from the contracted internal audit firm attended the November 2021 and March 2022 meetings and presented their status reports (on progress against the approved internal audit plan) and other literature relevant to ARC generally. In addition, the Partner presented the following three internal audit reports:

- **Project Governance – Digital Transformation Post Implementation Report**
- **Road Management Plan (RMP) Report, and**
- **Cyber Security – Essential 8 Report**

Report findings and audit recommendations together with complete management comments were discussed by the ARC. The ARC monitors the implementation of audit recommendations at subsequent meetings. In addition, included in the

2021-2022 internal audit work plan, the auditor will review implementation of recommendations made in reports and presented to the ARC for consideration. This audit will provide further assurance to the ARC and Council that recommended improvements in the controls are actioned by management in a timely manner.

Prior to the commencement of any internal audit, the ARC is provided with the proposed scope (Memorandum Audit Planning - MAP) of each audit. The MAP is developed by the auditor, with input from management, and discussed and endorsed 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.

5.5 External Audit by the Auditor General (AG)

The Victorian Auditor General (AG) has elected to contract Whitehorse City Council's external audit to one of his 9 specialist audit service provider's (ASP) to RSD Audit. The AG's office still oversees all aspects of the audit including giving direction to the ASP regarding the scope of the audit, reference to any Council or industry related matters, undertaking a quality review prior to issuing his opinion and detailed quality review processes including review of the ASP work papers post completion of the audit. The partner responsible for Councils audit is a proven and very experienced agent of the AG.

It should be noted that issuing audit opinions may also be impacted by the State elections later in the year as it expected that the Government will go into caretaker mode sometime late September/early October 2022.

The ARC met with the partner from RSD Audit at the March 2022 Committee meeting. The audit strategy memorandum including the proposed timeline for completing the interim and final audit was discussed with the partner and officers at this meeting.

5.6 Fraud and Corruption

Risk registers of Council include relevant risk and control information related to fraud and corruption risks. The Fraud and Corruption Control Policy and Plan were last reviewed by the ARC at its August 2020 meeting and remain current.

In addition, the ARC has continued to monitor outcomes from reviews of Ombudsman and IBAC 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.

There were not any instances of potential fraud or corruption advised to the ARC at any of the meetings covered by this report.

5.7 Organisational Structure Changes/Service Reviews

The CEO briefed the ARC at the May and September 2021 meetings and advised that the new structure and people are now in place.

5.8 General

This report has been reviewed and approved by ARC members.

Michael F Said OAM, CPA
Chair
Whitehorse City Council Audit and Risk Committee