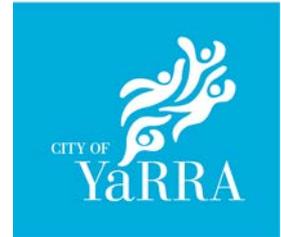


Audit and Risk Committee Biannual Activity Report

January to June 2022



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 2022.

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 Sophie Wade Cr Sophie Wade was elected to Yarra City Council in October 2020 and was elected Mayor in November 2021. Cr Wade was appointed to the Audit and Risk Committee in November 2021.

Committee Attendance

The Committee met twice during the period.

Current Members	Meetings attended
David Ashmore	2 of 2
Cr Herschel Landes	2 of 2
Helen Lanyon	2 of 2
Kylie Maher	2 of 2
Cr Sophie Wade	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. 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.

24 February 2022

Matter considered	Summary
Report by the Chief Executive	The Interim CEO provided a verbal report to the Committee on a range of matters including the appointment of a Municipal Monitor, monitoring of outstanding audit actions and operational risks, progress of the open space planning scheme amendment and the Chief Executive Officer recruitment process.
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.
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.
External Audit – presentation of the external audit strategy	The Committee received a presentation of the 2022 external audit strategy from VAGO’s representative.
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 - Review of Financial Controls (including data analytics)	Council’s internal auditors presented its findings following an internal audit into Council’s Financial Controls (including data analytics). The report resulted in one agreed management action being added to the database for monitoring. The Committee also provided some feedback about the ongoing monitoring of management actions with staged implementation dates.
Internal Audit - Review of Road Infrastructure Management	Council’s internal auditors presented its findings following an internal audit into Council’s road infrastructure management. The report resulted in one agreed management action being added to the database for monitoring.
Quarterly Finance Report (including Mid-Year Budget Review)	The Chief Financial Officer provided a report on the state of Council’s finances as at the end of December 2021. The Committee noted the ongoing impacts of the COVID pandemic, but there were early signs of improvement in a number of key metrics.
Annual budget and long term financial strategy	The Committee noted Council’s difficult long term financial position, and determined that it would take the opportunity to formally draw this matter to Council’s attention alongside the biannual report (see below).

City of Yarra Audit and Risk Committee Biannual Activity Report
January to June 2022

Matter considered	Summary
Quarterly Risk Review Report	The Committee received a quarterly risk review, focussing on an examination of both the strategic and operational risk registers and Council's mitigation measures and monitoring processes.
Audit and Risk Committee Biannual Activity Report	<p>The Senior Governance Advisor presented the biannual activity report for the committee's review. The Committee endorsed the report subject to a number of changes, and determined to make the following recommendation Council:</p> <p><i>That Council note the position of the Audit and Risk Committee that:</i></p> <p>(a) <i>Council is currently in a tight financial position arising from the impact of the COVID-19 pandemic and existing debt levels; and</i></p> <p>(b) <i>given the difficult situation, Council is encouraged to give careful consideration to ongoing financial viability when structuring the 2022/2023 Budget and the associated update of the Long Term Financial Plan.</i></p> <p>Note:</p> <p>This recommendation was formally adopted by Council on 8 March 2022.</p>
Councillor and Staff gift register report	The Committee received a report setting out all of the gifts declared throughout 2021.
Local Government Act 2020 deliverables	The Committee noted a standing quarterly report setting out Council's achievement of the milestones in the transition to the Local Government Act 2020.
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.
Meeting with the internal auditor without management present	The Committee met with the internal auditor without management present as it is required to do at least once annually.

19 May 2022

Matter considered	Summary
Report by the Chief Executive	The CEO provided a verbal report to the Committee on a range of matters including the appointment by Council of a new CEO, the draft budget, the conduct of a strategic review, the outcome of the open space panel hearing and the impact of staff absences.

City of Yarra Audit and Risk Committee Biannual Activity Report
January to June 2022

Matter considered	Summary
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 updated risk register reporting.
Review effectiveness of Council's risk management framework and risk appetite statement	The Committee considered Council's risk management framework and made two specific recommendations in relation to the risk appetite statement and framework more generally.
Fraud and corruption policy, framework and controls	The Committee received a report and endorsed a number of changes to the Fraud and Corruption Policy and Control Plan.
Quarterly finance report	The Committee noted a standing quarterly report including the quarterly finance dated March 2022.
Budget and long term financial plan	The Committee received a report on the draft 2022/2023 budget and the accompanying long term financial plan and provided feedback to management.
2022 Interim Management Letter - prior period matters	The Committee received a report from VAGO's representative on the progress of the 2022 external audit.
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.
Internal Audit - Review of Legislative Compliance	Council's internal auditors presented its findings following an internal audit into Council's legislative compliance (with focus on implementation of new Local Government Act 2020. The report resulted in two agreed management actions being added to the database for monitoring.
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	In the absence of its auditors, the Committee discussed the effectiveness of the internal audit process with 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 2022, neither the Committee nor the Committee Chair requested that the Chief Executive Officer table a report at a Council meeting.

At its meeting on 25 August 2022, the Audit and Risk Committee confirmed that it has no recommendations to Council in this biannual activity report in respect of the period 1 January to 30 June 2022.