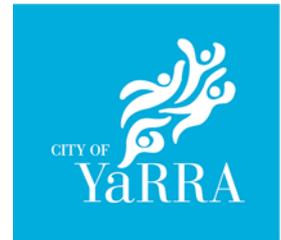


# Audit and Risk Committee Biannual Activity Report

January to June 2021

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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 January to 30 June 2021.

## Committee Membership

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

During the period, the Committee members were:

**Helen Lanyon, Chair** 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.

**David Ashmore** 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.

**Vince Philpot** Vince Philpot had a varied and interesting career across global operations in the Oil and Gas industry, moving later into the Non-Governmental aid agency space and finally into the social services sector. As a Certified Internal Auditor, he brings his subject matter expertise in enterprise risk management, internal control frameworks and internal audit to his committee work. Mr Philpot also has wide experience on a range of advisory committees in Local Government and Public Service entities.

**Cr Gabrielle de Vietri** Cr Gabrielle de Vietri was elected to the Yarra City Council in October 2020 as a representative of Langridge Ward and was elected Mayor in November 2020. Cr de Vietri was appointed to the Audit Committee in November 2020.

**Cr Herschel Landes** Cr Herschel Landes was elected to Yarra City Council in October 2020 and is a representative of the Melba ward. Cr Landes was appointed to the Audit Committee in November 2020.

## Committee Attendance

The Committee met three times during the period.

Member	Meetings attended
Helen Lanyon (Chair)	3 of 3
David Ashmore	3 of 3
Vince Philpot	3 of 3
Cr Gabrielle de Vietri (Mayor)	2 of 3
Cr Herschel Landes	3 of 3

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. Cr Wade took up this opportunity at two meetings during the period.

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## 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.

### 18 February 2021

Matter considered	Summary
Report by the Chief Executive	The CEO provided a verbal report to the Committee on a range of matters including the 'Green new Deal', waste management issues, COVID grants program, Collingwood Town Hall precinct and the outdoor dining program.
Update on COVID-19 Economic and Community Support Package	The Director Community Wellbeing presented a report about the rollout of the City of Yarra COVID-19 Economic and Community Support Package.
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.
Review of actions arising from previous external audits	The Committee reviewed the status of the implementation of agreed management actions arising from previous external audits.
External Audit - Presentation of the external audit strategy	The Committee received a presentation from the Victorian Auditor General's agent on the strategy for the 2020/2021 external audit.
Internal Audit - Status Report	Council's internal auditors presented a report on the status of the internal audit program. The Committee requested management present a report setting out the implications of the VAGO report into sexual harassment in Local Government.
Internal Audit - Review of Purchasing Cards and Councillors Expenses	Council's internal auditors presented its findings following an internal audit into the use of purchasing cards and the management of councillor expenses. The report resulted in seven agreed management actions being added to the database for monitoring.
Internal Audit - Review of Property Lease and License Management	Council's internal auditors presented its findings following an internal audit into property lease and license management. The Committee provided feedback and requested to report be brought back to a subsequent meeting.

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Matter considered	Summary
2021/2022 Annual Budget and Long Term Financial Strategy	The Chief Financial Officer provided a report on the development of Council's 2021/2022 annual budget and set out the process to be undertaken in developing a draft budget for Council's consideration and subsequent community consultation.
December 2020 Finance Report (including Mid-Year Budget Review)	The Chief Financial Officer provided an overview of Council's mid-year budget review process and the quarterly finance report dated December 2020.
Risk Management Framework	The Manager Risk and Safety presented some early work on the development of a Risk Management Framework. The Committee provided feedback on the draft document and requested a dedicated meeting to progress the matter in detail.
Competitive Neutrality update	The Committee received an update on the implications of Competitive Neutrality on Council's service delivery. The Committee noted the role of ongoing Service Review in maintaining compliance with Council's obligations.
Results of annual Audit Committee self-assessment questionnaire	The Committee reviewed the results of its 2020 self-assessment questionnaire.
2021 Workplan	The Committee adopted a workplan for 2021, noting the significantly expanded role of Audit and Risk Committees under the Local Government Act 2020.
Purchase Order Compliance	The Committee noted a quarterly report on compliance with the obligation to raise purchase orders as part of the procurement process.
Effectiveness of the internal audit	The Committee deferred a discussion about the effectiveness of the internal audit program to the subsequent meeting.
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.
OHS Review/Project Status Update	The Committee noted a status report provided by Council's internal auditors on the occupational health and safety review.
Organisational OHS Committee Minutes	The Committee noted the minutes of the organisational occupational health and safety committee meetings.

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31 March 2021

Matter considered	Summary
Risk Management Roadmap and Risk Management Framework	The Manager Risk and Safety provided an introduction and overview of the Risk Management Roadmap to the Committee. The Committee provided comments and requested that a final document incorporating this feedback be brought to a future meeting.
Strategic Risk Report Update March 2021	The Manager Risk and Safety presented Council's Strategic Risk Register and detailed a number of high and medium risks. The Committee provided feedback to assist in the next iteration of the register.
Operational Risk Register Review	The Manager Risk and Safety set out the status of the Operational Risk Register review and identified 29 documented high risks. The Committee provided feedback and made a number of suggested improvements.
OHS Roadmap	Council's Internal Auditors provided an overview of the OHS Roadmap project and the Manager Risk and Safety responded to discussions.
Occupational Health and Safety Management System (OHSMS) Update	The Committee noted a progress on the procurement and implementation of web based Occupational Health and Safety Management System.
Organisational Hazard Register	The Committee noted a presentation from the Manager Risk and Safety providing an interim organisational hazard register.

20 May 2021

Matter considered	Summary
Report by the Chief Executive	The CEO provided a verbal report to the Committee on a range of matters including the annual budget, Community Vision, Collingwood Town Hall, Burnley Golf Course, Inner Melbourne Action Plan Implementation Committee (IMAP), Environment Protection Authority and recent media coverage of Council.
Draft Management Letter	The Victorian Auditor General's agent presented the 2020/2021 Draft Management Letter.
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.

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Matter considered	Summary
Internal Audit - Status Report	Council's internal auditors presented a report on the status of the internal audit program. The Committee requested management present a report setting out the implications of the VAGO report into sexual harassment in Local Government.
Internal Audit – Review of Outstanding Actions	Council's internal auditors tabled its findings following a review of outstanding actions from previous internal audits. The report was deferred to the following meeting.
Internal Audit – Records Managements	Council's internal auditors presented its findings following an internal audit into the organisation's record management practices. The report resulted in eight agreed management actions being added to the database for monitoring.
Internal Audit – Review of Occupational Health and Safety	Council's internal auditors presented its findings following an internal audit into the organisation's occupational health and safety management. The report resulted in 12 agreed management actions being added to the database for monitoring.
Enterprise Architecture and Technology Strategy	The Manager Information Service provided a comprehensive report and presentation of Council's Enterprise Architecture and Technology Strategy.
Draft Risk Committee Charter	The Manager Risk and Safety provided a draft Charter for the proposed Risk Committee and led a discussion to gather feedback.
Operational Risk Register Review	The Manager Risk and Safety provided the latest Operational Risk Register review report.
Updated Hazard Register May 2021	The Manager Risk and Safety presented an updated Hazard Register and undertook to bring a further report to the Committee in six months.
OHS RoadMap and Project Plan Update	The Manager Risk and Safety updated the Committee on the Occupational Health and Safety Roadmap
Risk Management Roadmap and Project Plan	The Manager Risk and Safety updated the Committee on the Risk Management Roadmap
Synergising Risk and Safety initiatives	The Committee noted a report on a new approach to synergise risk management and occupation health and safety through the development of Risk and Safety Roadmaps and associated project plans.
2021/2022 Annual Budget and Long Term Financial Strategy	The Chief Financial Officer provided an update report on the development of Council's 2021/2022 annual budget.
Process for the six-monthly Audit and Risk Committee report	The Senior Governance Advisor set out a process for the development and adoption of biannual Audit and Risk Committee activity reports.

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Matter considered	Summary
2021 Workplan	The Committee reviewed its progress against its workplan for 2021 and suggested a new approach to monitoring progress at each meeting.
Fraud and Corruption Policy and Control Plan	The Committee noted a report setting out a Fraud and Corruption Policy and Control Plan.
Quarterly Finance Report - March 2021	The Committee noted a standing quarterly report including the quarterly finance dated March 2021.
Purchase Order Compliance	The Committee noted a standing quarterly report on compliance with the obligation to raise purchase orders as part of the procurement process.
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.
Yarra Libraries - KPI evaluation framework	The Committee noted a report setting out the response of Yarra Libraries to the sector-wide recommendations made by the Victorian Auditor General in 2019.
Child safety assurance	The Committee requested an update on how the Committee can be assured that the organisation is meeting all of its child safety requirements. A report was agreed for a future meeting.
Effectiveness of the internal audit	The Audit and Risk Committee workplan provides an opportunity for the Committee to meet with management at least annually, without the internal auditors present.

### 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 2020, neither the Committee nor the Committee Chair requested that the Chief Executive Officer table a report at a Council meeting.

At its meeting on 19 August 2021, 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 2021.