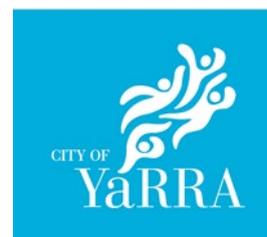


Audit and Risk Committee Biannual Activity Report

July to December 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 July to 31 December 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 three times during the period.

Current Members	Meetings attended
David Ashmore	3 of 3
Cr Herschel Landes	3 of 3
Helen Lanyon	3 of 3
Kylie Maher	3 of 3
Cr Sophie Wade	2 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. No Councillors took up this opportunity 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.

25 August 2022

Matter considered	Summary
Report by the Chief Executive	The CEO provided a verbal report to the Committee on a range of matters including combustible cladding, financial sustainability and the management of reputational risks.
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 the management of high and very high risks.
Audit Universe	The Senior Risk Advisor provided an overview of the process to incorporate the auditable areas within the Audit Universe Strategic Framework into the organisation's strategic and operational risk registers.
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 Grants Management	Council's internal auditors presented its findings following an internal audit into Council's Grants Management. The report resulted in four agreed management actions being added to the database for monitoring.
Internal Audit – Follow up of agreed actions	Council's internal auditors presented its findings following an review of agreed actions from previous audit reports. The report resulted in four agreed management actions being added to the database for monitoring.
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.
Proposed process for the oversight of Council policies	The Committee considered its role in reviewing key Council policies and provided feedback to management as to the way forward.
Audit and Risk Committee Biannual Activity Report	The Senior Governance Advisor presented the biannual activity report for the committee's review. The Committee endorsed the report and provided it to the Chief Executive Officer for tabling at the next available Council meeting.

City of Yarra Audit and Risk Committee Biannual Activity Report
July to December 2022

Matter considered	Summary
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.
Cyber security program (penetration testing)	The Committee received a report on the outcomes of Council's most recent cybersecurity and penetration testing.
Cladding and orphan building permits	The Committee received a report on the risks and implications for Council of foreshadowed regulatory change regarding the management of combustible cladding and the responsibility for orphan building permits.
Councillor expenses policy annual report	The Committee received an annual report on the management of Councillor expenses and reimbursements.
VAGO – sexual harassment in local government	The Committee noted Council's actions in relation to the VAGO report examining local government's approach to addressing sexual harassment.
Child Safe Code of Conduct update	The Committee noted Council's recently adopted Child Safe Code of Conduct.
eLearning compliance update	The Committee considered a periodic report on compliance with Council's eLearning compliance training benchmarks.
Review Council's insurance programme 2022-23	The Committee reviewed an annual report to assure itself of Council's insurance coverage and currency.
EPA Soil contamination register	The Committee received an update on the status of the soil contamination register required under the EPA Act and recommended that management add the risk to Council's risk register.
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. The Committee noted that all obligations have now been completed, meaning this was the final report to be presented to the Committee.

City of Yarra Audit and Risk Committee Biannual Activity Report
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1 September 2022

Matter considered	Summary
2021/2022 Financial Statements, Performance Statement and Audit Results	The Victorian Auditor General's agent provided an overview of the audit outcomes as set out in the closing report and presented the final management letter. The Committee congratulated management on the outcome. The financial and performance statements were endorsed by the Committee, subject to the incorporation of a number of suggestions.
Annual Budget and Long Term Financial Plan	The Director Corporate, Business and Finance presented Council's Annual Budget 2022/2023 and Long Term Financial Plan 2022/23 to 2031/32.
Very High and High Operational Risk Report	Management provided a special report on the very high and high risks on Council's Operational Risk Register. The Committee provided some specific feedback for management's consideration.
Meeting with the external auditor without management present	The Committee met with the external auditors in the absence of management.

17 November 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 Municipal Monitor's report, the proposed annual performance review by VAGO, the organisational restructure and the impacts of the Victorian election on the organisation.
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 Council's strategic and operational risk registers.
Internal Audit - Status Report	Council's internal auditors presented a report on the status of the internal audit program.
Internal Audit – Workforce Planning	Council's internal auditors presented its findings following an internal audit into Council's workforce planning. The report resulted in five agreed management actions being added to the database for monitoring.
Internal Audit – Contract Management	Council's internal auditors presented its findings following an internal audit into Council's contract management. The report resulted in three agreed management actions being added to the database for monitoring.

City of Yarra Audit and Risk Committee Biannual Activity Report
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Matter considered	Summary
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.
Quarterly annual plan progress and financial report	The Committee noted a standing quarterly report including the quarterly progress against the annual plan and the quarterly finance report dated 30 September 2022.
2023 Workplan	The Committee considered and endorsed its workplan for the 2023 calendar year.
2023 Meeting dates	The Committee determined to hold five meeting in 2023 and confirmed the meeting dates.
2023 Audit and Risk Committee Chair	The Committee nominated David Ashmore as Chair for 2023.
eLearning Status Report	The Committee considered a periodic report on compliance with Council's eLearning compliance training benchmarks.
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 external audit	In the absence of its external auditors, the Committee discussed the effectiveness of the external 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 July to 31 December 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 9 March 2023, the Audit and Risk Committee requested that the Chief Executive Officer present the following recommendation to Council along with this biannual activity report:

1. The Audit and Risk Committee recommends that Council:
 - (a) notes Council's financial position remains very constrained although some improvement has been achieved;
 - (b) notes the concern raised by the Municipal Monitor that action must be taken to ensure financial sustainability; and
 - (c) remain strongly focussed on financial sustainability for the 2023/2024 annual budget preparation and the next iteration of the long term financial plan.