



Knox City Council

Audit and Risk Committee

Chairperson's Biannual Report
2022-23



1. Background and Purpose of this Report

The Audit and Risk Committee (the Committee) is a committee established in accordance with section 53 and 54 of the Local Government Act 2020 (LGA). Under the Charter, the Chairperson of the Committee is to formally report on the operations of the Committee to the Council twice annually.

This report meets the reporting requirements to Council as mandated by the Local Government Act 2020 pursuant to section 54(5) and importantly provides Council with a summary of the matters that the Committee has addressed in the reporting period in discharging its responsibilities under its Charter. It is the first such report under the new Local Government Act.

The Committee's Charter is set by the Council and was last revised and approved by Council on 25 August 2020 following the necessary changes required by the new LGA.

2. Period of Reporting

This report covers the Committee activity for the Audit and Risk Committee Meetings on 17 March 2022, 9 June 2022 and 25 August 2022.

3. Committee Membership and Meetings

The composition of the Committee in accordance with its Charter is three independent members and two Council representatives. Councillor members are appointed by Council annually, for a 12-month term, which may be renewed subject to Council resolution. Independent members are appointed by Council for a three-year term following an external selection process.

The Chief Executive Officer and Senior Management representatives attended meetings of the Committee, by invitation, to assist in meeting discussions and procedures. Representatives from the internal and external auditors also attend to present on matters related to internal and external audit activities.

The Mayor, Councillor Susan Laukens, and Councillor Darren Pearce were appointed to the Audit Committee in November 2021. Cr Pearce resigned from the Committee after the March meeting and the Deputy Mayor, Councillor Seymour, was appointed to the Committee at a Council meeting held on 6 June 2022.

The following table provides details of the Committee members and meeting attendance during the reporting period.

Attendee	Role	17/3/2022 Quarterly	9/6/2022 Quarterly	25/8/2022 Quarterly
Ms. Lisa Tripodi	Independent Chair	✓	✓	✓
Mr. Homi Burjorjee	Independent Member	✓	✓	✓
Mr. Geoff Harry	Independent Member	✓	✓	✓
Cr Susan Laukens	Council Member	✓	✓	✓
Cr Darren Pearce	Council Member	✓	N/A	N/A
Cr Nicole Seymour	Council Member	N/A	✓	✓



4. Committee Responsibilities

The Committee's Charter is used to develop an Annual Work Plan which guides the agenda and activities at each meeting during the year and on Behalf of the Committee I can confirm that all relevant obligations under the Charter were addressed during the reporting period.

4.1 Chief Executive Officer Report

The Committee received a quarterly update from the Chief Executive Officer Bruce Dobson on matters including:

- Local Government 2020 implementation,
- Council's Budget and Financial Plan
- Fee structures at the Ferntree Gully Cemetery
- Updated Delegations Procedure
- An OVIC review of a Freedom of Information decision.
- Civil litigation and legal matters involving Knox City Council and any associated potential for liability, or settlements achieved.
- The organisational restructure taking effect on 1 September 2022.
- Compliance matters relating to the Outside Employment Policy and Conflict of Interest
- Interaction with the Australia Human Rights Commission.
- Organisational vision, purpose, values and the staff performance and development system.



4.2 Internal Audit

The Strategic Internal Audit Plan (SIAP) for the period 2021-2023 was reviewed and endorsed at the 17 December 2020 Committee meeting. Progress against the adopted SIAP was monitored and reviewed at the previous meeting. The internal audit service provider (Crowe) continued the practice of presenting the scope for each internal audit to the Committee for discussion before their execution in order to ensure that the focus remained aligned to the risk profile of the organisation and the requirements of the Committee. Recommendations contained within all reports were accepted by Management for implementation.

In accordance with the adopted SIAP, the following reports were presented by internal audit

March 2022	June 2022	August 2022
<ul style="list-style-type: none"> • Climate Change Adaptation 	<ul style="list-style-type: none"> • Management of Former Landfills • Long Term Financial Management 	<ul style="list-style-type: none"> • Records Management • Purchasing Cards and Fuel Cards • Portable and Attractive Assets

The Committee endorsed the following terms of reference and scopes for Internal Audits to be completed or commenced in calendar year 2022:

- Fraud Awareness
- Project Management and Capital Works
- Child Safety Standards
- Statutory Planning

Actions from Completed Internal Audits

Addressing outstanding Internal Audit Actions from previous Internal Audit Reviews was a prime focus of the Committee, with a revised reporting format providing the Committee with greater oversight on the progress of these actions.

The Committee notes that Executive Management now also consider these outstanding Internal Audit Action items on a monthly basis, with a view to prioritising completion of these actions.

The reporting below encompasses the period from the March 2022 to the August 2022 Audit and Risk Committee Meetings and does not include actions arising from reports presented to the August meeting. In the lead-up to the March 2022 meeting, there were 80 Internal Audit Actions under review, 26 new Internal Audit actions were added, 21 Internal Audit Actions were closed and 54 remained open.

	High Risk	Moderate Risk	Low Risk	Total
Opening Balance of Open Internal Audit Actions	3	35	16	54
New Internal Audit Actions Reported in the Period	1	29	10	40
Internal Audit Actions Closed in the Period	4	50	19	73
Closing Balance of Open Internal Audit Actions	0	14	7	21



4.3 External Audit

VAGO conducted a performance audit into Grants Funding at Knox City Council and their report, Fraud Control Over Local Government Grants, was presented to the Audit and Risk Committee in June 2022. Eight of the nine recommendations were agreed by officers at the time of the review and I note the ninth recommendation was agreed by Council when it subsequently considered and endorsed a revised Council Grants Framework at its June meeting.

BDO was appointed by the Victorian Auditor General's Office to undertake the external audit of Council's Annual Financial Statements and Performance Statement for 2021/22.

The Committee considered the external audit plan for 2021/22 at the March 2022 meeting. At the June 2022 meeting the Committee considered VAGO's interim management letter which was issued at the conclusion of the first audit visit for the year summarising the status of open recommendations arising from prior year audits

At the 25 August 2022 meeting the Committee considered the external auditors Closing Report and Management Letter and received a briefing from the external auditors on the audit outcomes during the meeting, noting that there were no significant issues raised. The Committee met privately with the external auditors.

The Committee considered and received the draft 2021/22 Annual Financial Report and Performance Statement and resolved to recommend to Council that the unaudited reports be received and approved in principle, with any material changes to be consulted with the Committee prior to such changes being made.

4.4 Risk Management

The Committee noted the Quarterly Risk Management updates and noted reports on Strategic Risks update, Strategic and Operational Risk Profiles, Insurance Management including Work Cover, Incident and Injury Reporting, Occupational Health and Safety.



4.5 Governance and Compliance Reports

Informing areas of focus by the Committee were various reports including:

- Quarterly Compliance Report detailing ongoing compliance with relevant legislation detailing any compliance breaches and engagement with various oversight bodies including the Office of the Victorian Information Commissions, Ombudsman, Local Government Inspectorate and IBAC
- Councillor Expenses Reports as required by the Local Government Act 2020
- Revised Procurement Policy
- A revised Fraud and Corruption Framework
- VAGO Sexual Harassment in Local Government update

Investigations by State Integrity Agencies (VAGO, IBAC, Ombudsman Victoria)

The Committee monitors reports released by State based integrity agencies that may be relevant to Council via Crowe's Curious Eyes Report. Where appropriate management provides comments on the implications of the findings for Council.

4.6 Financial and ICT Reporting

During the period, the Committee received and considered:

- Quarterly Financial Report Statements
- A review of Accounting Policies, Audit Adjustments, Assumptions and Disclosures Changes.
- ICT Portfolio Updates.

4.7 Fraud Prevention systems and controls

There were no material matters of fraud and corruption reported to the Committee during the reporting period.

4.8 Reporting to Council

The Committee reports formally to Council at least twice per annum. Minutes of Committee meetings are provided to all Councillors as soon as practical after each meeting via Council's online portal.

5. Conclusion

The Committee benefits from the combined knowledge of Councillor and independent members during meetings. As Chairperson, I would like to acknowledge the contribution of all members who perform their responsibilities with diligence and professionalism. I also acknowledge the contribution of our audit representatives from VAGO and Crowe.

The Committee also enjoys a strong working relationship with Council staff and I would like to record my appreciation of the work undertaken by staff in supporting the Committee, particularly regular attendees and presenters at Committee meetings.

Lisa Tripodi

Chair on behalf of the Audit and Risk Committee
25 August 2022

