



# AUDIT AND RISK COMMITTEE

Half Yearly Report.

1 July 2020 – 31 December 2020



**Campaspe**  
Shire Council

# Audit & Risk Committee Half Yearly Report

## 1. INTRODUCTION

Council has had an active Audit and Risk Committee since 1997 and this Committee is comprised of independent members appointed by Council as members' terms expire as well as Councillor representatives appointed annually.

With the enactment of the new Local Government Act 2020, Council adopted a new Audit and Risk Committee Charter and appointed the members to the Committee at its meeting held on 21 July 2020. At the same meeting Council set the allowance for independent members.

The Audit and Risk Committee Charter, in alignment with the Local Government Act 2020, requires the chairperson to prepare a report to Council, through the Chief Executive Officer on the Committee's activities twice per annum. The Committee has agreed that a report on activities will be prepared for the 1 July - 31 December period and a full year report will be prepared to outline how the Committee has discharged its responsibilities outlined in the Committee charter.

This is the first half yearly report to be presented to Council. The Committee reviewed the half yearly report at its meeting held on 4 February 2021 and confirmed that it is an accurate reflection of the Committee's activities.

## 2. AUDIT AND RISK COMMITTEE ACTIVITIES

Within the reporting period, the Audit and Risk Committee met on two occasions, 14 October 2020 and 9 December 2020.

The following table outlines the activities of the Committee during the reporting period and is reported under the areas of responsibilities defined within the Audit and Risk Committee Charter.

Financial & Performance Reporting
<b>14 October 2020</b> <ul style="list-style-type: none"><li>Review of the Annual Financial Statements and Performance Statement for the 2019/20 year were considered by the Committee and was later than in prior years due to an extension of time granted by the Minister of Local Government in response to the current COVID-19 pandemic. The review included presentation and discussion of the Victorian Auditor General's Office (VAGO) drafts of the 2019-20 Management Letter, Closing Report and Management Representation Letter. After review and consideration of all documentation, the Committee recommended to Council that the Annual Financial Statements and Performance Statement be signed.</li></ul>
<b>9 December 2020</b> <ul style="list-style-type: none"><li>Review of Quarterly Budget Report for the period ended 30 September 2020</li></ul>
Internal Control Environment
<b>9 December 2020</b> <ul style="list-style-type: none"><li>A status of current policies that are reviewed by the Committee was noted. One policy remains as overdue for review and is scheduled for the first meeting of 2021.</li><li>An overview of a management review conducted on the Echuca Riverfront Development Project was presented and noted. This review was to identify learnings from the project and improvement opportunities for Council's policies, systems and internal controls for future major projects.</li></ul>

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## Risk Management

### 9 December 2020

- Reviewed the current strategic risk register of Council and the profile of these risks against the risk matrix. In addition to this the Committee reviewed the treatment (action) plan in place for the risks classified above Council's current risk appetite of 'moderate'.

## Fraud Prevention Systems & Controls

- There was no activity during the reporting period in this section.

## Internal Audit

### 14 October 2020

- Reviewed past actions identified in internal audits that have been verified by the Internal Auditor that the action has been responded to and closed.

### 9 December 2020

- Reviewed the outcomes of two Internal Audits completed by the Internal Auditor on the topics of Long Term Financial Planning and Budgeting and Staff Performance Management, noting that Management agreed, or partially agreed, with all actions recommended by the Auditor.

At both meetings the Committee:

- Reviewed the status of the Annual Internal Audit Plan and the scopes for two Internal Audits that are scheduled for the first half of 2021.
- Reviewed the status of all actions recommended by the Internal Auditor from past Internal Audits that remain in progress.

## External Audit

### 9 December 2020

- Reviewed the Final Closing Report and Management Letter issued by the Victorian Auditor General's Office (VAGO) and management's plan to address the points raised within these documents in readiness for the next audit.

## Compliance Management

### 14 October 2020

- Reviewed the legislated Governance Checklist for inclusion in Council's 2019-20 Annual Report.

### 9 December 2020

- Received a report from management on Council's Waste Management approach as well as an overview of changes occurring within the sector.

At both meetings the Committee:

- Reviewed the status of Council's compliance with implementing the requirements of the Local Government Act 2020.

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## Reporting to Council

### 14 October 2020

- A draft 2019-2020 Audit and Risk Committee Annual Report was reviewed and recommended to be presented to Council at the next available meeting. The report was included in the agenda and minutes of Council's meeting held on the 20 October 2020.
- The Chair of the Committee (Linda MacRae) attended a Council Briefing session (virtually) on 20 October 2020 to present the results of Council's 2019-20 Financial and Performance Statements and to advise Council of VAGO's draft findings in relation to these statements. This session occurred prior to Council's consideration and signing of the statements.

## Performance Evaluation

### 14 October 2020

- Reviewed the results of the Committee's self assessment of its performance for the 2019-20 financial year. The results were reported in the Committee's Annual Report that was presented to Council at its meeting held on 20 October 2020.
- Reviewed the results of a survey conducted on the performance of the Internal Auditor.

## Review of Charter

- As the Committee charter was adopted by Council at its meeting held on the 21 July 2020, the charter is next due for review in mid 2022.

## Other Matters

### 9 December 2020

- Appointed a Chair of the Committee for 2021. Independent Member, Linda MacRae, was nominated and accepted the position of Chair for the next 12 months.

At both meetings the Committee:

- Reviewed the Annual Work Plan of the Committee.
- Received a report summarising Councillor expenses & reimbursements received in accordance with Council's adopted Councillor Expenses Policy.