



# Audit and Risk Committee Annual Report 2023-24



**Campaspe**  
Shire Council

# CONTENTS

1.	Message from the Chairperson	3
2.	Audit & Risk Committee Purpose	4
3.	Memberships, Meetings and Performance	5
4.	Audit & Risk Committee Activities 2023-24	6

## 1. MESSAGE FROM THE CHAIRPERSON

The Audit and Risk Committee Charter, in alignment with the Local Government Act 2020, requires the chairperson of the Campaspe Shire Council Audit and Risk Committee, to prepare two reports to Council per annum, through the Chief Executive Officer, on the Committee's activities. The Committee has agreed that a mid-year report be prepared for the 1 July - 31 December period with an annual report covering the full financial year. These reports provide the Council with details of how the Committee has discharged its responsibilities contained in the Committee's Charter. The half yearly report for this financial year was presented to Council at its meeting held on 19 March 2024.

This is the Annual Report for the 2023-24 financial year.

The key purpose of this report is to:

- Increase awareness of the composition, purpose, role and responsibilities of the Audit and Risk Committee;
- Outline the activities of the Audit and Risk Committee;
- Provide Council and the Community with confidence about the oversight provided on Council's operations, risk management, governance, internal controls and financial management.

During the 2023-24 financial year, Council's internal auditor, AFS & Associates, presented a program of three separate internal audit reviews. At the end of their tenure, RSD Audit were appointed as the Internal Auditors for Council and they have presented one internal audit review. Further details of these audits can be found in section 4 of this report.

This year the Committee provided oversight to the implementation of numerous internal audit recommendations and Council's Internal Auditor has verified the implementation of the recommendations that addressed the identified risks.

For the 2023-24 financial year the Victorian Auditor General's Office (VAGO) appointed Johnsons MME as its external audit agent for Campaspe Shire. The external auditors play a key role in providing the Committee and Council with confidence that the annual financial audit fully reflects the financial performance of Council.

In addition to the formal audit programs, the Committee reviews Council's quarterly finance reports to ensure that any financial risks are being appropriately managed and are an accurate reflection of Council's financial position. Council responses to a number of VAGO audit report recommendations were also considered.

The Committee adds value to the Council's governance and control processes through the diverse experience and knowledge of its members.

On behalf of the Committee, I wish to acknowledge the professionalism and support of the Victorian Auditor General's appointed external audit agents, Johnsons MME and Council's internal auditors, AFS and Associates and RSD Audit. I also thank the CEO, the Manager Governance & Risk and all other Council officers who contribute to the work of the Committee.

Finally, I thank all my fellow Audit and Risk Committee members (Councillors and independent members) for their participation, diligence, professionalism and contributions throughout 2023-24. I also wish to thank the Mayor, Councillor Rob Amos for his participation and attendance at ARC meetings.

**Simone Knight – Chair & External Member**

## 2. AUDIT & RISK COMMITTEE PURPOSE

The Audit and Risk Committee (the Committee) operates under a Charter that defines the role, responsibilities, composition and operation of the Committee. This Charter was reviewed, updated and adopted by Council on 21 November 2023.

The Committee's purpose is to support Council in discharging its oversight responsibilities related to:

- financial and performance reporting,
- risk management,
- fraud prevention systems and controls,
- maintenance of a sound internal control environment,
- assurance activities including internal and external audit functions; and
- Council's performance with regard to compliance with its policy and legislative requirements.

Further details of the Committee's responsibilities under each of the above points can be found in the Committee's Charter that is available on Council's website.

The Committee achieves its purpose by monitoring, reviewing, endorsing and advising on the above matters.

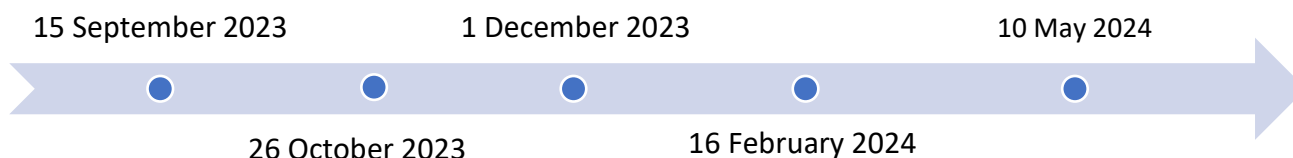
To ensure that the Committee is appropriately discharging its responsibilities, the Committee can request information from management on issues, within its areas of responsibility. This assists the Committee in providing further assurance to Council that it is meeting the responsibilities contained in the adopted Charter.

### 3. MEMBERSHIPS, MEETINGS AND PERFORMANCE

Committee membership comprises three external members and two Councillors, with support provided by the Corporate Division staff and the Chief Executive Officer.

The Committee is required to meet a minimum of four times each year, based on the approved Charter.

For the 2023-24 year the Committee met five times as follows:



The following is a table of attendance for each of the Committee Members for the financial year:

Committee member	Eligible to attend	Attended
<b>Linda MacRae (Full Member)</b>	5	5
<b>Simone Knight (Full member)</b>	5	5
<b>Chris Gillard (Full Member)</b>	5	4
<b>Cr Tony Marwood (Councillor Member)</b>	5	5
<b>Cr Paul Jarman (Councillor Member)</b>	5	4
<b>AFS Chartered Accountants (internal auditor)</b>	1	1
<b>RSD Audit</b>	4	3
<b>JohnsonsMME (external auditor)</b>	5	2

In addition to the appointed members of the Committee, the Committee Charter provides for the Mayor or any other Councillor to attend a meeting of the Audit and Risk Committee as an observer. The Mayor attended three of the meetings held during the reporting period.

Each year the Committee undertakes a self-assessment of its performance against the Campaspe Shire Council's Audit and Risk Committee Charter. This assessment was undertaken in May 2024 by RSD Audit, Council's appointed internal auditor.

The results of this self-assessment were independently collated and of the five (5) committee members invited to participate, four (4) committee members responded.

The following is an excerpt from the RSD Audit report on the summary of results from the self-assessment.

#### **Overall Result**

*Overall the average score from Audit and Risk Committee ('Committee') members was 4.23 out of 5.*

*The areas where the Committee scored the highest, include the effectiveness & skills of the Audit and Risk Committee, external audit and financial and performance management.*

#### 4. AUDIT & RISK COMMITTEE ACTIVITIES 2023-24

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

Financial & Performance Reporting
<p><b>15 September 2023</b></p> <ul style="list-style-type: none"> <li>Review of the Annual Financial Report and Annual Performance Statement for the 2022/23 year were considered by the Committee. The review included presentation and discussion of the Victorian Auditor General's Office (VAGO) drafts of the 2022-23 Financial Management Letter, Financial Statements, Performance Statement and Closing Report. After review and consideration of all documentation, the Committee recommended to Council that the Annual Financial Statements and Performance Statement be signed.</li> </ul> <p><b>26 October 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed Quarterly Financial Report.</li> </ul> <p><b>16 February 2024</b></p> <ul style="list-style-type: none"> <li>Received the Quarterly Budget Report for the period ended 31 December 2023.</li> <li>Received a report on the Councillors Expenses &amp; Reimbursements Summary.</li> </ul> <p><b>10 May 2024</b></p> <ul style="list-style-type: none"> <li>Received an update on changes to the Local Government Performance Reporting Framework (LGPRF).</li> <li>Reviewed Quarterly Financial Report.</li> <li>Received a report on Campaspe Port Enterprises Pty Ltd Audit Strategy</li> <li>Received a report on the Councillors Expenses &amp; Reimbursements Summary.</li> </ul>
Internal Control Environment
<p><b>26 October 2023</b></p> <ul style="list-style-type: none"> <li>Received a Policy Timetable providing clarity of the policies that require Audit and Risk Committee consideration and review prior to the consideration and approval by Council or the Chief Executive Officer.</li> <li>Received a report to ensure a program is in place to test compliance with systems and controls.</li> </ul> <p><b>1 December 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed significant changes to key systems and considered impacts of changes on Council's risk profile.</li> <li>Received a report to ensure a program is in place to test compliance with systems and controls.</li> </ul> <p><b>16 February 2024</b></p> <ul style="list-style-type: none"> <li>Received a Policy Timetable providing clarity of the policies that require Audit and Risk Committee consideration and review prior to the consideration and approval by Council or the Chief Executive Officer.</li> </ul> <p><b>10 May 2024</b></p> <ul style="list-style-type: none"> <li>Received a report to ensure a program is in place to test compliance with systems and controls.</li> </ul>

Risk Management
<p><b>15 September 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed Council's risk profile and significant changes to it</li> </ul> <p><b>26 October 2023</b></p> <ul style="list-style-type: none"> <li>Received a risk management update advising Council has completed its Strategic Risk Review in line with the recommendations of the Committee.</li> <li>Received an update on Disaster Recovery &amp; Cyber Security.</li> <li>Received Council's insurance program noting the increase in insurance premiums incurred by Council.</li> </ul> <p><b>1 December 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed Council's Risk Register and significant changes to it.</li> <li>Reviewed the BCP framework and testing regime.</li> <li>Received an overview of security including cyber security.</li> </ul> <p><b>16 February 2024</b></p> <ul style="list-style-type: none"> <li>Reviewed Council's risk register and significant changes to it.</li> </ul> <p><b>10 May 2024</b></p> <ul style="list-style-type: none"> <li>Note the planned activities to review the Council's Risk Management Framework.</li> <li>Received an overview of security including cyber security.</li> <li>Received an update on the current status of the Business Continuity Program and Disaster Recovery testing regime.</li> </ul>
Fraud Prevention Systems & Controls
<p>At all meetings:</p> <ul style="list-style-type: none"> <li>There have been no reported incidents of fraudulent or corrupt behaviour during this reporting period.</li> <li>There was 2 reported incidences of unethical behaviour, fraud or corruption.</li> </ul> <p><b>26 October 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed Council's fraud prevention systems and controls.</li> </ul>
Internal Audit
<p><b>15 September 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed the outcome of the Procurement &amp; Contract Management Audit completed by the Internal Auditor, noting that management accepted seven of the ten recommendations made by the Auditor.</li> <li>Reviewed the Human Resources and Payment of Reimbursements to Staff and Councillors Internal Audit completed by the Internal Auditor, noting that management accepted all recommendations made by the Auditor.</li> <li>Reviewed the status of delivery of the Annual Internal Audit Plan and Scopes of Proposed Internal Audit Reviews.</li> <li>Received a report in relation to the appointment of an internal audit provider and endorsed the outcome of the audit provider tender process and recommended to Council for approval.</li> <li>Met with the Internal Auditor in the absence of management. There were no issues identified requiring action from this meeting.</li> </ul> <p><b>26 October 2023</b></p> <ul style="list-style-type: none"> <li>Reviewed the progress by management on open internal audit recommendations viewed the status and delivery of the annual Internal Audit Plan.</li> </ul>

- Reviewed the updated outcome of the Procurement & Contract Management Audit completed by the Internal Auditor, noting that management accepted all recommendations made by the Auditor.

#### **16 February 2024**

- Reviewed key policies based on timeline, noting that three of the fourteen listed policies were overdue for review.

#### **10 May 2024**

- Received an update of the Internal Audit Program status and scope of upcoming audits, noting to endorse the recommendation to remove the Essential Eight Benchmarking audit as it is now being undertaken with another provider.
- Reviewed the progress by management on open internal audit recommendations.

### External Audit

#### **15 September 2023**

- The Committee met without management. There were no issues identified requiring action from this meeting.

#### **26 October 2023**

- Reviewed the performance of the external audit function.

#### **1 December 2023**

- Received a report on the progress of addressing the management letter points raised by the Victorian Auditor General appointed auditors.

#### **10 May 2024**

- Received a report on the external audit scope and plan for the 2024 financial year external audit.
- Received an update on management letter actions from previous audits.
- Received a report released by VAGO – Results of the 2022-23 Audits: Local Government (hereinafter referred to as LG Report).

### Compliance Management

#### **26 October 2023**

- Received a summary of recommendations coming out of Operation Sandon.

#### **16 February 2024**

- Reviewed notifications that were received from the Victorian State Government in relation to:
  - Strathbogie Shire Council suspended, Administrator appointed.
  - A monitor and a second monitor has been appointed to Moonee Valley City Council.

#### **10 May 2024**

- Reviewed notifications that were received from the Victorian State Government in relation to:
  - Strathbogie Shire Council Administrator re-appointed.
  - Geelong Municipal monitors appointed
  - Monitors reappointed to Glenelg Shire Council
  - Monitors appointed to Darebin City Council
- Noted the Gift and Hospitality Register

### Reporting to Council

#### **15 September 2023**

- A draft 2022-2023 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 of Council's meeting held on the 17 October 2023.

#### **16 February 2024**



- A draft Half Yearly Report for the period 1 July 2023 to 31 December 2023 was reviewed and recommended to be presented to Council at the next available meeting. The report was included in the agenda of Council's meeting held on 27 February 2024.

#### Performance Evaluation

##### 26 October 2023

- Reviewed the Performance of the External Audit Function

##### 10 May 2024

- Reviewed the results of the self-assessment of the Committee's performance.

#### Review of Charter

##### 26 October 2023

- Reviewed the Audit and Risk Committee Charter, in particular the section relating to member remuneration for Chair and Independent members and recommended it be presented to Council for adoption at the next available meeting. The Charter was included in the agenda of Council's meeting held on 21 November 2023.

#### Other Matters

##### 26 October 2023

- Received a report on Procurement Performance KPI's
- Received a report on staff with excess leave
- Received a quarterly OHS Report

##### 10 May 2024

- Reviewed Personal Interest Return requirements for the Audit and Risk Committee members
- Received an Asset Accounting update

##### At all 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.