



City of Melbourne  
Audit & Risk Committee

Activity Report – March 2023

## Period of this Report

This report covers Audit & Risk Committee (ARC or Committee) activity from 1 October 2022 to 10 February 2023. In that period the Committee has met twice – on 11 November 2022 and 10 February 2023. This report has been reviewed by and agreed with all Committee members.

## 1. Purpose of this Report

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

The ARC's Charter is set by Council and was last reviewed and approved by Council on 28 June 2022. The Charter has been reviewed in accordance with its review cycle.

The Committee's Annual Work Plan assists the Committee to ensure that all responsibilities under the Charter are addressed throughout the year. The agendas for our meetings are driven by the Committee's Annual Work Plan (AWP) and are fulsome. There is always a challenge to complete the agendas for each meeting. At the meetings held in this reporting period, the key (but not all) matters considered are summarised in the table below.

### Key Matters Considered at Recent Meetings

	Topic	Meeting	
		11 Nov 2022	10 Feb 2023
1	Monitoring of AWP	✓	✓
2	Reviewing the Audit and Risk Committee Charter	✓	✓
3	Reports on key risk issues:		
	a) Safety & Wellbeing	✓	
	b) Emergency Preparedness	✓	
	c) QVM Precinct Renewal Programme		✓
	d) Procurement		✓
	e) Combustible Cladding	✓	
	f) Climate Risk		✓
	g) Asset Management	✓	
	h) Cyber Security		✓
4	The status of delivery of the Internal Audit Programme	✓	✓
5	Endorsement of scopes for Internal Audit reviews	✓	✓
6	The outcomes of Internal Audit:		
	a) Internal Audit 1	✓	
	b) Internal Audit 2	✓	
	c) Internal Audit 3		✓
	d) Internal Audit 4		✓
7	Financial Management report	✓	✓
8	Consideration of review outcomes for recently released VAGO performance audits	✓	
9	Review of revisions to Council policies:		
	a) Treasury Policy	✓	✓
	b) Financial Sustainability Policy	✓	✓
	c) Wholly Owned Subsidiary Protocols	✓	✓
	d) Crisis and Business Continuity Policy and Plan	✓	
10	Consideration of subsidiary company quarterly reports	✓	✓
11	Consideration of findings from integrity agency investigations	✓	✓
12	Review of outcomes of the annual ARC performance self-assessment survey		✓

## **2. Meetings**

Committee membership consists of 4 Independent Members and 3 Councillor Members. Member attendance was six of the seven members at the November meeting and for the February meeting all seven members were in attendance. Apologies were received and noted for members who could not attend.

### *The Committee's Annual Work Plan (AWP)*

The Committee has dealt with all matters scheduled for consideration in the AWP in the reporting period.

## **3. Key Activities for the Reporting Period**

The work of the ARC has continued to be guided by the AWP and all matters listed in the AWP for the two scheduled meetings held have been addressed. The AWP is reviewed at the beginning of each meeting to ensure its continued relevance. It is currently undergoing some change with the updating of the Audit and Risk Committee Charter. Key outcomes of the scheduled meetings are summarised below.

### *3.1 Acting CEO Briefing*

The November meeting was the first for newly appointed Acting CEO. The A/CEO shared her transition strategy which highlighted areas of focus for the short to medium term and provided an overview of the Annual Report.

### *3.2 External Audit*

VAGO have acknowledged challenges and delays in releasing audit opinions in the local government sector. The Closing report for the financial year ending 30 June 2022 was presented to the Committee at the November 2022 meeting and noted by the Committee. There were no matters of significance reported. The Committee continues to monitor the status of management actions.

A draft Audit Plan for the year ending 30 June 2023 was presented at the February 2023 meeting and noted by the Committee.

### *3.3 Internal Audit*

One internal audit remains outstanding from the 2021/22 internal audit plan. The internal auditor has indicated that this report will be presented at the next Committee meeting.

Reviews on the 2022/23 internal plan have commenced.

The Committee noted that the status of progress with regard to completion of open internal audit recommendations was satisfactory.

### *3.4 Internal Control Environment*

The Committee considered proposed changes to various Council policies, such changes being the result of planned reviews of policies in line with the Internal Controls Framework.

The Treasury Policy, Financial Sustainability Policy and Wholly Owned Subsidiary Protocols were endorsed by the Committee at the February 2023 meeting.

The Committee considered and provided feedback for a redrafting of the Audit and Risk Committee Charter this is expected to be presented for endorsement at the next Committee meeting alongside a redrafted Internal Controls Framework.

### *3.5 Risk Management*

The Committee was pleased with status of the work completed to progress the development of a refreshed Risk Management Framework and Strategic Risk Register.

### *3.6 QVM Precinct Redevelopment Project*

The Committee received an update briefing on the status of the redevelopment project. New Independent Committee members were provided with an onsite tour of the redevelopment site.

### *3.7 Emergency Preparedness and Business Continuity Management*

The Committee received an update on Exercise Torrent at the November 2022 meeting.

Two relevant internal audit reports were presented to the Committee at the February 2023 meeting.

## **4. Meeting Schedule for 2022**

The Committee's meeting schedule for the remainder of 2023 is as follows:

- 5 May 2023
- 11 August 2023
- 15 September 2023 (Consideration of the annual financial report and the annual performance statement)
- 10 November 2023

## **5. Conclusion**

The Committee welcomes feedback as to whether this report meets Council's expectations. If Council wishes to be briefed by the Committee on any matters raised in this report, I would be delighted to attend as required.

Yours sincerely

Geoff Harry  
Independent Chair

On behalf of the Audit & Risk Committee  
22 February 2023