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Strathbogie Shire  
Council

Audit and Risk Committee  
Annual Committee  
Performance Report

January 2023 to December 2023

## 1. Purpose of this Report

It is with pleasure that I present Council with an Annual Committee Performance Report on the activities of Strathbogie Shire Council Audit and Risk Committee in accordance with section 54 of the *Local Government Act 2020 (the Act)* and Clause (7) of the Audit and Risk Committee Charter (the Charter).

The Audit and Risk Committee is an Advisory Committee of Council established to provide guidance around strengthening Council's governance and risk management frameworks, monitoring the organisation's financial management and to help drive continuous improvement.

Our Committee comprises four independent community members with a strong and broad background in private enterprise, Boards and Councils. Two Councillor members strengthen our ranks, supported by a third 'substitute' Councillor representative. The Committee is supported this year by internal audits undertaken by AFS and Associates and RSD Audit, and also by the Victorian Auditor General's Office appointed auditors Crowe Australasia.

Together, we oversee the response of the elected Council and the Administration to independent external and internal audits, which focus on continuous improvement and the achievement of best practice processes. I believe Strathbogie punches above its weight in terms of the expertise that sits around the Committee table and I thank all members, staff, internal and external auditors for their dedication supporting the Committee's work and their collegiate work ethic.

The challenges of the extensive responsibilities the Committee now has under the Act and our quarterly agendas have grown in length and complexity. Our commitment to excellent governance oversight is unwavering, and the Committee continues to provide high level support and direction to Councillors and the Administration on a regular basis.

The commitment to our own continuous improvement via discussions at the annual Strategic Planning Workshop is positively impacting the Committee's direction as well as encouraging Officers to be more innovative and responsible in their approach to all things governance and risk.

The Committee continues to have concerns around the imbalance between increasing demands from State and Federal governments and the human resources Council has at its disposal to undertake this work. It is essential that Councillors and Officers prioritise the expectations of our communities with the availability of financial and human resources so a proper balance is achieved, and that our expectations for community improvement are both viable and sustainable.

I wish to thank my fellow Committee members, who have volunteered to give up their personal time for the benefit of the entire Strathbogie Shire community. I would like to acknowledge the contribution and support of outgoing independent committee member Mark Freudenstein (who was also a past Chair of this Committee) whose term ended in December 2023. I would also like to thank, Chief Executive Officer, Julie Salomon, her Executive, and the Council Staff who support the work of the Committee.

Once reviewed and passed by the Audit and Risk Committee, this report will be provided to the Chief Executive Officer for presentation to Council after I brief Council in early 2024.

We have achieved much in the past twelve months and strive to encourage further maturity and capability around Council operations and functionality. This will ensure improved service delivery to our community as well as ongoing viability and sustainability across the broader Shire.



**Paul Ayton, Chair Strathbogie Shire Council Audit and Risk Committee**

## 2. Background

Strathbogie Shire Council Audit and Risk Committee was established in 1997 and following the 2020 general Council election, the Audit and Risk Committee was reconstituted as an Advisory Committee to Council on 25 August 2020.

Under Section 54 (5) of the *Local Government Act 2020* an Audit and Risk Committee (Committee) must prepare an annual audit and risk report that describes the operation and activities of the Audit and Risk Committee and includes its findings and recommendations. The annual report must then be provided to the Chief Executive Officer for tabling at the next Council Meeting.

The Committee's Charter is set by Council and was approved by Council on 28 July 2020 following the necessary changes required by the new *Local Government Act 2020*. The Charter is reviewed annually and was last reviewed and updated in October 2023. The 2023 annual review of the Charter was influenced by the review of Council's Governance Rules in July 2023. The key changes from the review of the Governance Rules relate to:

- Revised conflict of interest rules to reflect learnings from state wide implementations and recommendations from the Independent Broad-based Anti-Corruption Agency (IBAC)
- Availability of rules to address serious disruptions of Council meetings
- Simplification of processes

Under Section 54 (2) of the *Local Government Act 2020*, the Audit and Risk Committee Charter must specify the functions and responsibilities of the Audit and Risk Committee including the following:

- Monitor the compliance of Council policies and procedures with:
  - The overarching governance principles
  - The *Local Government Act 2020* and the regulations and any Ministerial directions.
- Monitor Council financial and performance reporting
- Monitor and provide advice on risk management and fraud prevention systems and controls
- Oversee internal and external audit functions.

## 3. Period of this Report

This report covers Audit and Risk Committee activity from 1 January 2023 to 31 December 2023. Throughout this period the Committee met seven times.

**Table 1:** Meetings held in the calendar year

Meeting Date	Purpose of Meeting
3 March 2023	Ordinary Meeting
21 April 2023	Ordinary Meeting – to consider the 2023/2024 Draft Budget and Capital Works Program
2 June 2023	Ordinary Meeting
12 July 2023	Strategic Planning Workshop
8 September 2023	Ordinary Meeting
6 October 2023	Policy Review Meeting
27 November 2023	Ordinary Meeting



#### 4. Membership and Attendance

Membership of the Committee comprises four independent community representatives, one of whom is the Chair, two permanent Councillor members and one Councillor acting as a substitute member should they be needed to achieve a quorum.

Membership for the period 1 January 2023 to 31 December 2023 is listed below, along with meeting attendance.

**Table 2:** Attendance at meetings by the Committee members

Committee Member	3 Mar	21 Apr	2 June	12 July	8 Sept	6 Oct	27 Nov
Paul Ayton	Yes	Yes	Yes	Yes	Yes	Yes	
Mark Freudenstein	Yes	Yes	Yes	Yes	Yes	No	
Alister Purbrick	Yes	Yes	Yes	Yes	No	Yes	
Alistair Thomson	Yes	No	Yes	Yes	Yes	Yes	
Mayor Cr Laura Binks	Yes	Yes	Yes	Yes	Yes	Yes	
Cr Chris Raeburn	Yes	Yes	No	Yes	Yes	Yes	
Deputy Mayor Cr Paul Murray (substitute)	Yes	No	Yes	No	No	No	

The inclusion of two additional meetings to the Audit and Risk Committee schedule has been positive and allowed the Committee more time to undertake valuable strategic planning and comprehensive oversight of Council policies and strategies.

#### 5. Key Activities for the Reporting Period

There are eleven key action groupings listed in the Committee's Strategic Workplan as required under the themes as per the *Local Government Act 2020*.

The status of the workplan at the time of writing forms attachment one. It is pleasing to report that we have addressed all the actions outlined in the plan in what has been a busy and challenging year. More specifically, the key matters considered during the reporting period by the Committee are outlined in Table (3) below.

As well as the key issues the Audit and Risk Committee has comprehensive standing agenda items which are reviewed and monitored quarterly and include:

- Internal Audit Updates
- Monitoring outstanding internal audit recommendations and action
- Policy Updates
- Risk Management
- Audit and Risk Committee Workplan
- Human Resources Key Indicators
- Councillor Expenses
- CEO Purchasing Card
- Fraud and Risk Management
- Investment and Borrowings

**Table 3: Matters considered during the calendar year**

Topic		Meeting Dates 1 January 2023 – 31 December 2023						
		3 Mar	21 Apr	2 Jun	12 Jul	8 Sep	6 Oct	27 Nov
1	<p>On 11 January 2023, the Minister for Local Government, the Hon Melissa Horne MP, informed the Mayor that the municipal monitor appointed to Strathbogie Shire Council, Ms Janet Dore had submitted her final report and provided Council with a copy.</p> <p>Officers provided regular updates and confidential briefings to the Audit and Risk Committee Chair and Independent Members on the outcomes of the Monitors Report.</p>							
2	Independent Committee member Alistair Thomson was nominated as a representative to assess the tenders for the contract for Internal Audit Services.							
3	The Audit and Risk Committee were notified that the accumulative spend on a specialist arborist was approximately \$165,000 over the last 18 months, in excess of procurement policy thresholds. This is a breach of Council's Procurement Policy and requires listing in the Annual Report (reported in the 2022/2023 Annual Report endorsed by Council 17 October 2023).							
4	<p>The Audit and Risk Committee noted their concerns regarding the electoral restructure review, process and funding.</p> <p>It was reported that given the restrictive timeframes and complexity involved in considering a restructure, Council could not reach a consensus on a future structure, therefore no submission was made by Strathbogie Shire Council. Council does not have a position on the review results.</p> <p>At the time of writing no report has been provided from the Victorian Electoral Commission on the outcome of the review.</p>							
5	<p>The Audit and Risk Committee was briefed by Officers on the Disaster Recovery Plan and Emergency Recovery Process. The Strathbogie Municipal Emergency Management Planning Committees has endorsed a number of emergency management plans which are available on the website and include:</p> <ol style="list-style-type: none"> <li>1. Emergency Management Plan</li> <li>2. Fire Management Plan</li> <li>3. Flood Emergency Plan</li> <li>4. Pandemic Plan</li> <li>5. Heatwave Plan</li> <li>6. Emergency Animal Welfare Plan</li> </ol> <p>As the operator of the Euroa Saleyards, Council has also prepared a Livestock Standstill Plan.</p>							
6	Standing Agenda items described on page five (5) monitored quarterly.							
7	The Strathbogie Shire Council website was enhanced to include a dedicated Governance/Audit and Risk page. This is an opportunity for Council to be as transparent as possible in the information the Committee can provide to the public.							

	<p>Audit and Risk Committee members were provided with access to an internal Strathbogie Shire portal, similar to that used by Councillors to access agendas and minutes. This is done through a secure network. Not only does this improve accessibility to agendas and large volumes of documents, but it also increases the security around data protection and cyber activity.</p>						
8	<p>Independent Committee Members discussed concerns with ongoing and unresolved governance issues. Members wrote to the Minister for Local Government outlining these concerns and provided a recommended course of action.</p>						
9	<p>The Draft 2023/2024 Budget and Capital Works Program was reviewed by the Audit and Risk Committee. The draft Budget was prepared in accordance with guidance and templates issued by Local Government Victoria.</p> <p>In 2023 a number of changes have been made by the State Government in relation to the inclusion of service targets for a four year period, along with other mandatory indicators. These mandatory indicators augment those we already report on, and include in any Budget, from our 2021/2025 Council Plan.</p> <p>The draft budget reflected that Council is operating in a challenging fiscal environment, which has only been exacerbated by the October 2022 flood event and continued shortages of labour, materials and specialist services.</p> <p>Council indicated that an average rise to rates and municipal charges for the 2023/2024 year is to be 3%. This figure therefore formed the basis of the draft Budget preparation.</p> <p>Extensive discussions were held with Council regarding the organisation’s capacity to deliver capital works and the need to return to more realistic delivery expectations. Historically Council has been able to successfully deliver a total works program of between \$9-12 million in the past few years.</p> <p>Officers acknowledge that this is challenging for the Council given significant community pressure about delivering ambitious capital works programs across the Shire. However, it is considered that a reasonable balance has been achieved between community expectations and our capacity to fund and successfully deliver capital works.</p> <p>The draft 2023/2024 Budget and Fees and Charges were released for public review and comment for a 28-day period between 3 – 31 May 2023. Council invited its Community Panel to a face-to-face and online Draft Budget Information Sessions on 23 and 24 May 2023.</p>						
10	<p>Council Adopts the 2023/2024 Budget, Fees and charges and Declaration of Rates and Charges on 27 June 2023.</p>						
11	<p>Council received a positive audit report undertaken by VAGO relating to the financial statements for the Local Roads and Community Infrastructure Annual Report (LRCIP) for Phase 1, 2 and 3. These statements were prepared in accordance with the LRCIP funding guidelines.</p>						

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<b>12</b>	<p>The tender process for the appointment of internal audit services was reported as being behind schedule, that a tender document will be released by the end of June 2023. This was not an ideal situation given that the current contract with AFS and Associates expired on 30 June 2023.</p> <p>While this means that Council did not have an appointed independent auditor for just under two months, this is not considered to be a significant risk for this relatively short period of time.</p>						
<b>13</b>	<p>The Committee is required under its Charter to prepare a biannual audit and risk report that describes the activities of the Audit and Risk Committee and includes the Committee's findings and recommendations in accordance with section 54(5a) of the <i>Local Government Act 2020</i>, along with the agreed actions.</p> <p>The Biannual Report was received and noted by Council on 20 June 2023.</p>						
<b>14</b>	<p>On 15 May 2023, the Local Government Minister, the Hon Melissa Horne MP, appointed Municipal Monitor, Mr Peter Stephenson to Strathbogie Shire Council. Mr Stephenson's appointment was intended to build on the work completed by Council's first Monitor, Janet Dore, who finished her six-month appointment in September 2022.</p> <p>The Minister responded to serious concerns about governance and conduct raised with her by some Councillors, Council staff and members of Council's Audit and Risk Committee.</p> <p>Mr Stephenson was appointed to assess the Council's ability to function properly, and his report was tabled in August 2023.</p>						
<b>15</b>	<p>The Audit and Risk Committee was briefed on the progression of the Enterprise Agreement No 10 negotiations. A new agreement is expected to be in place prior to the end of 2023.</p>						
<b>16</b>	<p>Director People and Governance Dawn Bray resigns to take up a new appointment, and Specialist Governance Advisor Phillip Curruthers is recruited to oversee Council Governance functions.</p>						
<b>17</b>	<p>The Audit and Risk Committee conducted a strategic and planning workshop in July to refine its direction for 2023/2024 focusing on the following:</p> <ul style="list-style-type: none"> <li>• Managing and prioritising risk</li> <li>• Annual review of the Audit and Risk Charter</li> <li>• Developing the 2023/24 Workplan</li> <li>• Audit and Risk Committee Skills Matrix</li> </ul>						
<b>18</b>	<p>Following from a review of Council's Governance Rules during the early part of 2023, and as specified in Section (12) of the Audit and Risk Committee Charter, the Charter was reviewed and recommendations/changes were made by the Committee to increase the robustness of the Charter. The Charter was endorsed by Council on 17 October 2023.</p>						
<b>19</b>	<p>The draft Audit and Risk Committee Workplan was presented for consideration and endorsed by the Audit and Risk Committee.</p>						
<b>20</b>	<p>The Audit and Risk Committee is strongly invested in the management of the risk profile of Council and the ability of Officers to manage current and emerging risks. Part of the</p>						

	<p>strategic conversation noted the following relating to risk management:</p> <ul style="list-style-type: none"> <li>• Improvements are required to the strategic risk framework and clarifying what the organisations appetite for risk is</li> <li>• Clarifying what our inherent risks are, where we currently sit, and where we want to go in relation to risk management</li> <li>• What is the internal culture about staff mitigating risk and how it is embedded in organisation</li> </ul> <p>Although Councils approach to risk management is maturing, the lack of a dedicated Risk Officer in the business for the past 18 months has created challenges and stalled outcomes that may have been achieved across various business units within the organisation if this role was filled.</p>							
21	<p>Recruitment of a Risk Officer was finalised in September 2023.</p>							
22	<p>At the strategic and planning meeting the Committee agreed to implement a skill matrix. The skills matrix was developed and completed by each of the Independent Community Members. This has been an extremely positive exercise as Council has full transparency around the skills and capabilities of the Committee. It also helped inform the recruitment process to appoint a new Independent Community Member.</p>							
23	<p><i>The Local Government Act 2020</i> (the Act) states it is essential there is a legislative framework that provides for councils to be accountable to their local communities in the performance of functions and the exercise of powers and the use of resources.</p> <p>Accordingly, it is a statutory requirement under the Act that councils prepare and report on medium and short term financial plans to discharge their duties of accountability and transparency to their communities.</p> <p>The Draft Annual Financial Statements for 2023/2024 were prepared and submitted to Crowe Australasia, the appointed auditors for the Victorian Auditor General's Office (VAGO), for review.</p> <p>Use has been made of the Local Government Model Financial Report 2022/2023 released by Local Government Victoria to assist councils across the state in providing uniform financial reports that meet the requirements of the Act and accounting standards.</p> <p>Overall, the Financial Statements underline that Council's financial position remains sound.</p> <p>One of the key functions of the Audit and Risk Committee, in accordance with the <i>Local Government Act 2020</i>, is to review the Report, which consists of the Financial Statements and Notes.</p> <p>The Audit and Risk Committee noted the Draft 2022/2023 Annual Financial Report. The 2022/2023 Annual Financial Statements were endorsed by Council on 17 October 2023.</p>							
24	<p>The Local Government Performance Reporting Framework (LGPRF) is a mandatory system of performance reporting that</p>							



	<p>must be completed by all Victorian councils. The Framework uses a range of standardised indicators and metrics to ensure councils are measuring and reporting on their performance in a consistent way to promote transparency and accountability in the local government sector.</p> <p>The results of the reporting system are made available to the public via the Know Your Council website, which allows for comparisons between councils. Comparisons are also provided for groupings of councils, such as Small Rural Councils, to which Strathbogie Shire Council belongs.</p> <p>The LGPRF system is used to produce two documents: a Performance Statement and a Governance and Management Checklist. Both documents have been prepared and submitted to Crowe Australasia, the external auditors appointed by the Victorian Auditor General's Office for review.</p> <p>The Performance Statement shows consistent performance with previous years.</p> <p>The Governance Management Checklists focuses on a range of policies, plans and other documents, with its aim to identify if a sound good governance framework is in place for council. Strathbogie has performed well against this Checklist, with a 'Yes' answer against all of the listed items of the good governance framework.</p> <p>Council's Audit and Risk Committee considered both documents on 8 September 2023. The 2022/2023 Performance Statement and Management Checklists were endorsed by Council on 17 October 2023.</p>							
25	<p>The 2023/2024 Audit and Risk Committee Workplan was endorsed by the Audit and Risk Committee.</p>							
26	<p>The recruitment process was initiated to appoint a new Audit and Risk Committee Independent Community Member. This is to replace Mark Freudenstein whose term ends in December 2023. Paul Ayton was nominated as the independent community member representative on the recruitment panel.</p>							
27	<p>A requirement of the <i>Local Government Act 2020</i> (the Act) is the review of Council's Governance Rules one year before scheduled Victorian Council elections. Council have undertaken this process and the draft Governance Rules were reviewed by the Audit and Risk Committee.</p> <p>A number of recommendations/changes to the draft were suggested to Council by the Audit and Risk Committee to further enhance the Governance Rules.</p> <p>The Governance Rules were adopted by Council on 17 October 2023.</p>							
28	<p>The Audit and Risk Committee was briefed on the outcome of Operation Sandon, an investigation by the Independent Broad-based Anti-Corruption Commission (IBAC) into allegations of corrupt conduct involving councillors and property developers in the City of Casey. It also examined the adequacy of Victoria's current systems and controls for safeguarding the integrity of the state's planning processes.</p>							

	<p>The Operation Sandon Special Report makes 34 recommendations to address the risk of corruption and other forms of improper influence and the planning policy settings that incentivise corruption in council decisions.</p> <p>The sector, through the main peaks including Municipal Association of Victoria (MAV), Local Government Professionals (LGPro) and Victorian Local Governance Association (VLGA), are strongly advocating that Local Government is genuinely engaged in the reform process.</p> <p>Until more detail is available Council Officers have prepared a document summarising the report and potential implications for Council. It is anticipated that a new set of model governance rules and model code of conduct will evolve from the recommendations.</p>							
29	<p>Following a tender process, RSD Audit were appointed to provide internal audit services for a period of three years. Key aspects in which the RSD Audit bid excelled were price and audit methodology, with both their planning and reporting capacity offering an improved service to Council.</p> <p>The priority of the internal auditors is to conduct risk assessment workshops with each of the organisation business areas so as to identify levels of existing and emerging risks which will inform the internal audit program for the next three years.</p>							
30	<p>RSD Audit is on site for three days and conducts risk assessment workshops with all the business units across the organisation.</p>							
31	<p>An Audit and Risk Committee meeting was held in October to review the progress towards updating and reviewing the organisations policies and policy impact assessments. As required by legislation the following policies were reviewed by the Audit and Risk Committee:</p> <ul style="list-style-type: none"> <li>• Procurement Policy and Procedure</li> <li>• Fraud and Corruption Policy and Control System Procedures</li> <li>• Gifts, Benefits and Hospitality Policy</li> <li>• Chief Executive Officer Employment and Remuneration Policy</li> <li>• Councillor Expenses Policy</li> <li>• Asset Management Policy</li> <li>• Rates Payment and Collection Policy and Procedure</li> <li>• Rates Budgeting and Notice Issuing Policy and Procedure</li> <li>• Information Security Policy</li> <li>• Investment and Cash Management Policy</li> </ul> <p>Seven policies were endorsed by Council on 17 October 2023 with two of the above policies to be considered by Council on 21 November 2023 and one at a future Council meeting.</p>							
32	<p>The following items are listed for consideration by the Audit and Risk Committee at the November 2023 meeting:</p> <ul style="list-style-type: none"> <li>• Appointment of the Independent Community Member to the Audit and Risk Committee</li> </ul>							

	<ul style="list-style-type: none"> <li>• Internal Audit – Risk Assessment and determination of Internal Audit Program</li> <li>• Monitor the Climate Change Action Plan</li> <li>• Mid-year budget update</li> <li>• Draft ICT Strategy</li> <li>• Enterprise Agreement updates</li> </ul>							
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**6. External Audit**

During the reporting period our external auditor Crowe Howarth (Australia) Pty Ltd reviewed and audited the 2022/2023 Financial and Performance Statements and other documents for presentation to, and approval by the Council in October 2023.

The external audit program commenced on 26 April 2023 and the final audit concluded on 21 August 2023 in preparation for final reporting in October 2023. The 2022/2023 financial and performance statements were endorsed by Council on 17 October 2023.

The Audit and Risk Committee were briefed on and had oversight of the whole audit process in the progress towards the finalisation of the 2022/2023 financial statements.

The External Auditor’s Audit Strategy and Scope in relation to the financial year ending 30 June 2023 focussed on the following key risk areas:

- Revaluation of property, infrastructure assets, plant and equipment with emphasis on fair value for each material asset class
- Accounting for government grants
- Developer contributions – review Council’s process to capture monetary and non-monetary contributions
- Landfill rehabilitation provision
- Impact of the 2022 flood and remedial works
- Changes in personnel and understanding of the effects on the business units most impacted by staff turnover
- Management override of controls
- Reliance on IT systems and third party service providers

**7. Internal Audit**

During the reporting period, internal audits were overseen by AFS and Associates Pty Ltd and RSD Audit. The following internal audits were finalised during the period 1 January to 30 December 2023:

- Rates and Revenue
- Waste Management
- Environmental Sustainability and Climate Change
- Capital Project Deliver
- Environmental Health
- Past Audits Review
- Risk Management assessment to prioritise the internal audit program for the next three years

All recommendations from the final audit reports are entered into an action plan (Outstanding Items Internal Audit Program) which is a standing agenda item on the Audit and Risk Committee Agenda and is reported and reviewed quarterly.

**8. Risk Management**

This year the direction of both operational and strategic risk management has been reviewed and challenged to help develop a more mature approach to risk management across the organisation.

Risk management has been further complicated by the absence of both an OHS Officer and Risk Officer for extended periods of time, however successful recruitment means that both these roles were filled in September 2023.

At its strategic and planning meeting in July, the Committee reviewed a sample risk framework developed by the Specialist Governance Advisor to Council, which presents a more simplified and manageable approach to risk management.

This has been supported by initial risk assessment workshops with all business units undertaken by the internal auditors RSD Audit. The purpose of the workshops was to firstly assess and prioritise risk across the organisation, and secondly to use this information to inform the three year internal audit plan.

It was extremely encouraging to note that staff and officers have engaged with and embraced the outcomes of the workshops, and this will set the platform and foundations for risk strategy and management across the organisation in the future.

The Specialist Governance Advisor to Council will continue his work with the Executive Leadership Team to further improve a simplified strategic risk register.

The Committee shared its collective experience with management regarding the extension of the proposed changes, but it is noted that there is still much work to be done regarding the development of a comprehensive risk management framework across the organisation.

Risk Management is a standing item on the Audit and Risk Committee meeting agenda and is reviewed quarterly.

## 9. Assessment of the Committee's Performance

It is pleasing that the Committee has achieved the goals set by our Strategic Work Plan for the calendar year. This work has been completed with the support of Council Officers, AFS and Associates Pty Ltd and RSD Audit as Council's internal auditors for the reporting period, and Crowe Australasia Pty Ltd as the external auditors appointed on behalf of VAGO.

The addition of a strategic planning and dedicated policy review meetings will assist the Committee and Administration to deliver the requirements set out in the Strategic Work Plan in the year ahead.

### Forward Meeting Schedule

The forward meeting schedule is set to the end of June 2024. The 2024/2025 meeting schedule will be determined at the March 2024 meeting.

1 March 2024	Ordinary meeting
5 April 2024	Ordinary meeting – 2024-25 draft budget and performance statements review
7 June 2024	Ordinary meeting

**Paul Ayton**  
**Chair, Strathbogie Shire Council Audit and Risk Committee**

ATTACHMENT 1

<b>Audit Committee Statutory Work Plan – Summary Of Actions/Updates To December 2023</b>		
<b>Action</b>	<b>Comment</b>	<b>Status</b>
<b>Monitor the compliance of Council policies and procedures with the overarching governance principles and the <i>Local Government Act 2020</i> and the regulations and any ministerial directions (section 54(2a))</b>		
<p>Monitor Council processes for compliance of Council policies and procedures.</p> <p>Assess the Council's policy framework and procedures to ensure the embedding of the governance principles.</p>	<p>During the period 1 January 2023 to 30 November 2023 twenty two policies were endorsed by Council. Additionally, the Audit and Risk Charter and Governance Rules were also reviewed and endorsed by Council. At the time of writing 39 policies were current and nine (9) were overdue for review.</p> <p>As required by legislation the following policies were reviewed at an extraordinary Audit and Risk Meeting in October 2022:</p> <ul style="list-style-type: none"> <li>• Procurement Policy and Procedure</li> <li>• Fraud and Corruption Policy and Control System Procedures</li> <li>• Gifts, Benefits and Hospitality Policy</li> <li>• Chief Executive Officer Employment and Remuneration Policy</li> <li>• Councillor Expenses Policy</li> <li>• Asset Management Policy</li> <li>• Rates Payment and Collection Policy and Procedure</li> <li>• Rates Budgeting and Notice Issuing Policy and Procedure</li> <li>• Information Security Policy</li> <li>• Investment and Cash Management Policy</li> </ul> <p>Seven policies were endorsed by Council on 17 October 2023 with two of the above policies to be considered by Council on 21 November 2023 and one at a future Council meeting.</p> <p>Policies are a standing item on the Audit and Risk Committee Agenda and are reviewed quarterly.</p>	<b>Complete</b>
<b>Monitor compliance with relevant laws and regulations</b>		
<p>Monitor Council's processes regarding compliance with legislation and regulations</p>	<p>Finalised internal audits are reported to the Audit and Risk Committee quarterly in line with the agreed three year internal audit plan.</p>	<b>Complete</b>



ATTACHMENT 1

	<p>2022/2023 external audits were completed by Crowe (Australasia). The Audit and Risk Committee received updates at scheduled meetings and otherwise as required to monitor progress to completion and to monitor any compliance issues.</p> <p>A Specialist Governance Advisor was appointed in 2022 to ensure policies, directives and financial delegations are up to date. Legislative updates are a standing agenda item on the ELT/Management Group monthly meetings.</p>	
<p><b>Monitor the compliance of Council policies and procedures with the overarching governance principles and the <i>Local Government Act 2020</i> and the regulations and any ministerial directions (section 54(2a))</b></p>		
<p>Review the CEO Employment and Remuneration Policy Employment Matters Policy annually as per section 45 of the Act.</p>	<p>The CEO Employment and Remuneration Policy was reviewed by the Audit and Risk Committee and the CEO Remuneration Advisory Committee and is to be considered by Council on 21 November 2023.</p>	<p><b>Complete</b></p>
<p><b>Oversee internal audit function (section 54(2d))</b></p>		
<p>Review the Internal Audit Committee Charter regularly to determine that it provides an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively and without limitations.</p>	<p>The Audit and Risk Committee Charter was reviewed in October 2023 following a review of the Governance Rules in July 2023. The Audit and Risk Committee Charter was endorsed by Council on 17 October 2023.</p>	<p><b>Complete</b></p>
<p>Recommend to Council the appropriate method for the provision of the internal audit function including the evaluation criteria and the appointment of the contractor</p> <p>Monitor the performance and ongoing effectiveness of the contractor, which can include making a recommendation to Council to terminate the contractor should performance not meet the standards set out in the contract.</p> <p>Review the reporting on completed internal audits, seeking clarification through critical analysis to assure the Committee that management is responding adequately to the findings and key risks are mitigated</p>	<p>Following a tender process RSD Audit was appointed to provide internal audit services to Council and commenced in September 2023.</p> <p>RSD Audit undertook risk management workshops with all business areas in the organisation in October 2023. The purpose of the workshops was to identify and prioritise risks to the organisation to inform the internal audit plan for the coming three years.</p> <p>The outgoing internal auditors AFS and Associates, finalised all scheduled internal audits prior to their tenure end at 30 June 2023. The results of all scheduled internal audits have been reviewed by the Audit and Risk Committee at the quarterly meetings.</p> <p>The following are listed as standing agenda items at Audit and Risk Committee meetings:</p> <ul style="list-style-type: none"> <li>• Internal Audit Program Reports</li> </ul>	<p><b>Complete</b></p>

ATTACHMENT 1

<p>Monitor the progress of the strategic annual internal audit plan and work program and consider the implications of internal audit findings for the control and operating environment.</p> <p>Monitor the implementation of internal audit's findings and recommendations.</p>	<ul style="list-style-type: none"> <li>• Outstanding Internal Audit Items</li> <li>• Audit Committee Work Plan</li> </ul> <p>Internal Auditors conduct periodic testing (via past issues audits) to verify that audit actions reported as completed have been effectively implemented.</p>	
<p><b>Monitor compliance with relevant laws and regulations</b></p>		
<p>Assess the Council's procurement framework with a focus on the probity and transparency of policies and procedures/processes</p> <p>Monitor the implementation of financial management policies, including they are aligned with the achievement of the Act's financial management principles.</p>	<p>As part of the annual review of Council's procurement framework and financial management policies, the Audit and Risk Committee reviewed the following financial related policies in October 2023. Six policies were endorsed by Council on 17 October 2023 with two policies will be considered by Council on 21 November 2023 and one at a future Council meeting.</p> <ul style="list-style-type: none"> <li>• Procurement Policy</li> <li>• Fraud and Corruption Policy and Control System Procedures</li> <li>• Gifts, Benefits and Hospitality Policy</li> <li>• Chief Executive Officer Employment and Remuneration Policy</li> <li>• Councillor Expenses Policy</li> <li>• Rates Payment and Collection Policy and Procedure</li> <li>• Rates Budgeting and Notice Issuing Policy and Procedure</li> <li>• Investment and Cash Management Policy</li> </ul> <p>Council's Investment and Borrowings are reported to the Audit and Risk Committee quarterly.</p> <p>External Auditors have completed an audit of the 2022/2023 Financial statements, performance statement and governance management checklist, and final management letter agenda.</p>	<p><b>Complete</b></p>
<p>Monitor work by the council to mitigate and plan for climate change risk.</p>	<p>Council declared a Climate Emergency, and the Climate Change Action Plan was adopted by Council on 16 August 2022.</p> <p>The annual Climate Change Action plan was reviewed by the Audit and Risk Committee on 27 November 2023. For transparency, the Climate Action Plan is available on Council's website.</p>	<p><b>Complete</b></p>

ATTACHMENT 1

Review issues relating to national competition policy and Local Government Performance Reporting Framework (LGPRF)	The Local Government Performance Reporting Framework (LGPRF) is complete. The results were issued in November 2023 and are available on the Know Your Council website.	Complete
<b>Monitor Council financial and performance reporting (section 54(2b))</b>		
Review management's processes for ensuring and monitoring compliance with legislation and other requirements on the external reporting by the Council of financial and non-financial information, performance reporting under the Act, and other relevant legislation.	<p>Crowe Australasia completed the audit of the 2022/2023 Financial Statements, Performance Statement and Governance and Management Checklist in October 2023.</p> <p>A Coordinator of Governance and Records Management and Governance Officer roles were established in June 2022 to improve processes and reporting requirements around non-financial information and other relevant legislation.</p>	Complete
Assess any changes to Council's accounting policies and procedures and the methods of applying them, with the input of management, external and internal auditors, ensuring that they are in accordance with the stated financial reporting framework	<p>New and existing policies are reviewed at regular external and internal audits.</p> <p>Chief Financial Officer and Finance Manager attend discussion groups such as Fin Pro – for Local Government finance professionals</p> <p>Accounting/Financial Policies are considered at the dedicated Audit and Risk Meeting to review policies in October each year. This year two new policies were introduced as a result of outcomes of an internal audit and legislation amendments to the <i>Local Government Legislative Amendment (Rating and Other Matters) Act 2022</i> (the Act) which came into effect on 1 July 2023. The two new policies were adopted by Council on 17 October 2023:</p> <ul style="list-style-type: none"> <li>• Rates Payment and Collection Policy and Procedures</li> <li>• Rates Budgeting and Notice issuing Policy and Procedure</li> </ul>	Complete
<b>Monitor Council financial and performance reporting (section 54(2b))</b>		
Review the appropriateness of accounting policies and disclosures to present a true and fair view	External Auditors completed annual audit of financial statements, performance statement and governance management checklist. Report presented to Council and endorsed 17 October 2023.	Complete
Review the financial reporting provided to Council and monitor the financial performance and sustainability of Council	The Review format is assessed at the start of each Council term then reports are made quarterly to Council. The format has been reviewed to include further detail and information on Key Performance Indicators.	Complete
Assess reports from internal and external auditors that make recommendations about the quality of financial reports such as actual and potential material audit adjustments, financial report	External Auditors commenced onsite audits in August 2023 and draft findings were presented to the Audit and Risk Committee in September 2023 for review and appraisal with recommendations being made to Council prior to finalisation of the 2022/2023 financial statements.	Complete

ATTACHMENT 1

disclosures, non-compliance with legislation and regulations, internal control issues	Financial and performance statements and governance management checklist, and final management letter were listed as agenda items (6.1), (6.2), (6.3) and (6.4) at the Audit and Risk Committee meeting 8 September 2023.	
Recommend to the Council whether the financial report including the performance statement section of the Annual Report should be approved based on the Committee’s assessment of them.	<p>Following completion of the external audit and presentation to Audit and Risk Committee meeting on 8 September 2023, the Committee endorsed the reports and recommended that they be adopted by Council at their meeting on 17 October 2023.</p> <p>The 2022/2023 Annual Report which is a public representation of overall Council activity and financial reporting for the year, was adopted by Council on 17 October 2023</p>	<b>Complete</b>
<b>Monitor and provide advice on risk management and fraud prevention systems and controls (section 54(2c))</b>		
Monitor the implementation of the Risk Management Strategy and progress in managing risk identified on the Risk Register priorities. The progress against these documents will be reported to the Committee at each meeting.	<p>A Report on Strategic Risks is scheduled as a standing item at quarterly Audit and Risk Committee meetings. The Strategic Risk Register was overseen at each of these meetings.</p> <p>At the Strategic Planning meeting held in July 2023, time was dedicated to work shopping a new risk management framework and reporting system.</p> <p>In October, incoming internal auditors RSD Audit conducted workshops with each business unit within the organisation to identify and prioritise existing and emerging risks, and to set a platform for managing risk</p>	<b>Complete</b>
Review and recommend enhancements to Council's policy for the oversight and management of business risks.	<p>The Risk Management Policy was presented to an extraordinary Audit and Risk Meeting in October 2022 for review and oversight. The policy was endorsed by Council on 18 October 2022.</p> <p>The Risk Management Policy and Risk Management Framework are being reviewed by the Specialist Governance Advisor as part of a broader assessment of risk management across the organisation. The documents form part of the preliminary audit outcomes conducted by the internal auditors in October and reported to the Audit and Risk Committee in November 2023.</p>	<b>Complete</b>
<p>Receive regular risk reports, which:</p> <ul style="list-style-type: none"> <li>• provide an overview of management of each strategic risk by strategic risk owners</li> </ul>	A Report on Strategic Risks is scheduled as a standing item at quarterly Audit and Risk Committee meetings.	<b>Complete</b>

ATTACHMENT 1

<ul style="list-style-type: none"> <li>• identify key risks, the status and the effectiveness of the risk management systems to ensure that identified risks are monitored and new risks are identified, mitigated and reported.</li> </ul>	<p>Risk Management is scheduled as a quarterly standing item on ELT/Management Group meetings for officers to review existing strategy and operational risks, and assess emerging risks</p>	
<p><b>Monitor and provide advice on risk management and fraud prevention systems and controls (section 54(2c))</b></p>		
<p>Review whether the Council has a current and active business continuity plan and disaster recovery plan which is tested periodically as determined by the plan.</p>	<p>A Business Continuity Plan and Disaster Recovery Plan is in place.  A scheduled internal audit review took place in August 2022, and the results of the audit reported to Audit and Risk Committee meeting 16 September 2022.  Recommendations from the Audit have been added to the outstanding items internal Audit Program to be tracked to completion. This document is a standing agenda item and is reviewed quarterly.</p> <p>As part of a broader risk management review, work has commenced on reassessing the Business Continuity Plan. Officers have completed individual business area sub plans. The recruitment of and OHS Officer and Risk Officer will support and enhance this process.</p>	<p><b>Complete</b></p>
<p><b>Oversee external audit function (section 54(2d))</b></p>		
<p>Seek information from the external auditor to outline the external audit plan including proposed audit strategies and how they might relate to identified risk areas, discuss audit results and consider the implications of the external audit findings for the control environment.</p> <p>Ask the external auditor if there have been any significant resolved or unresolved disagreements with management.</p> <p>Ask the external auditor if there have been any significant resolved or unresolved disagreements with management.</p>	<p>The following reports were endorsed by the Audit and Risk Committee on 8 September 2023 and adopted by Council on 17 October 2023.</p> <ul style="list-style-type: none"> <li>• 2022/2023 Annual Financial Reports</li> <li>• 2022/2023 Performance Statement and Governance Management Checklist</li> <li>• Final Management Letter</li> <li>• External Auditors Closing Report to Audit Committee</li> </ul> <p>External auditors have completed the audit and finalised their comments/feedback. Financial statements and performance reports included in the 2022/2023 Annual Report for public availability and transparency.</p> <p>External auditors are in attendance at all quarterly Audit and Risk meetings and provide feedback and assessment on any previously identified resolved or unresolved actions.</p>	<p><b>Complete</b></p>



ATTACHMENT 1

Sight all representation letters signed by management and consider the completeness and appropriateness of the information provided		
<b>Monitor internal controls</b>		
Review the effectiveness of the Council's internal control system with management and the internal and external auditors.	<p>Ongoing program of internal and external audits monitor the effectiveness of internal controls.</p> <p>Recommendations for the schedule for internal audit programs 2024-2027 presented by RSD Audit in November 2023.</p> <p>Results of the internal and external audits are reported to each of the quarterly Audit and Risk Committee meetings.</p> <p>Representatives from internal and external auditor organisations attend the quarterly Audit and Risk Committee meetings.</p>	<b>Complete</b>