



City of Melbourne Audit and Risk Committee

2019-20 Annual Activities Report

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1. Introduction

The City of Melbourne (the City) has established an Audit and Risk Committee (the Committee) pursuant to section 139 of the *Local Government Act 1989*. The Council has approved a Charter setting out the Committee's role and responsibilities and requires the Committee to annually report to Council on its activities. This report covers the Committee's activities for the year ended 30 June 2020.

2. Role of the Committee

The Committee's role is to report to the Council and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision making by the Council in relation to the discharge of its responsibilities.

The objectives of the Committee are to oversee:

- the integrity of external financial reporting, including accounting policies
- the scope of work, objectivity, performance and independence of the external and internal auditors
- the establishment, effectiveness and maintenance of controls and systems to safeguard the City's financial and physical resources
- the systems or procedures that are designed to ensure that the City and its subsidiaries comply with relevant statutory and regulatory requirements
- the process for recognising risks arising from the City's operations and strategies, and consider the adequacy of measures taken to manage those risks, including compliance
- the processes and systems which protect the Council against fraud and irregularities including the Protected Disclosures Act procedures.

3. Key Activities

To achieve its objectives, the key activities undertaken by the Committee during the year were to:

- review the Annual Financial Report and recommend its adoption to Council
- review the Annual Performance Statement and recommend its adoption to Council
- approve the external audit plan and monitor the outcomes of the audit paying particular attention to any findings which may suggest that controls are not as effective as desired
- approve the Strategic and Annual Internal Audit Plans to ensure that planned internal audit activity is appropriately targeted and is aligned to key business risks
- review the results of internal audit activity
- monitor the effectiveness of the internal audit program
- monitor the City's performance with regard to compliance obligations and challenge the existence and effectiveness of accounting and financial systems and other systems of internal control and business risk management
- monitor changes in Council's business risk profile and obtain explanations for any significant changes therein
- engage with the Audit and Risk Committees of Council's wholly owned subsidiary companies, namely Citywide Services Pty Ltd and Queen Victoria Market to monitor the outcomes of audit activity and changes in the risk profiles of their businesses

The Committee also reviewed procedures and policies the Council has in place to ensure compliance with relevant laws and regulations, in areas such as the Local Government Act, occupational health and safety and the environment, in addition to the adequacy of insurance and other best practice corporate governance processes.

4. Audit and Risk Committee membership

The composition of the Committee according to its charter is three independent members and two Council representatives.

The membership of the Committee during 2019-20 is set out below:

4.1 Council representatives

Deputy Lord Mayor Arron Wood July 2019 to June 2020
Cr Philip Le Liu July 2019 to June 2020

4.2 Independent members

Mr Geoff Harry (Chairman) July 2019 to June 2020
Ms Therese Ryan July 2019 to June 2020
Mr Stuart Hall July 2019 to June 2020

5. Meetings and attendance

A total of five meetings were held during the year. There were four regular quarterly meetings in August, November, February and May plus a special meeting held in August to consider the Annual Financial Report and the Annual Performance Statement. A summary of meeting dates and attendance is shown in the table below.

The May 2020 meeting was conducted electronically using Zoom because of the COVID-19 pandemic restrictions. All members attended and the meeting agenda was completed satisfactorily.

Representatives of the Victorian Auditor General's Office (External Auditors) and NTT, the internal audit service provider, attended all meetings with the exception of VAGO who did not attend the meeting held on 2 August 2019. The VAGO team attended the Special meeting in August 2019.

In addition to the two Council representative members on the Committee, an invitation to attend Committee meetings was extended to all Councillors for each of the quarterly meetings.

Senior management representatives also attended each Committee meeting. These included the Chief Executive Officer, Chief Financial Officer, General Manager Governance and Organisational Development, Director Governance and Coordinator Risk Management and when appropriate, senior representatives from the two subsidiary companies.

Table 1 – Membership, meeting dates and attendance

Attendee	Role	2/08/19 Quarterly	29/08/19 Special	15/11/19 Quarterly	14/02/20 Quarterly	8/05/20 Quarterly
Geoff Harry	Chair	Attended	Attended	Attended	Attended	Attended
Therese Ryan	Member	Attended	Attended	Attended	Attended	Attended
Stuart Hall	Member	Attended	Attended	Attended	Attended	Attended
Deputy Lord Mayor Arron Wood	Council Representative	Attended	Attended	Attended	Attended	Attended
Cr Philip Le Liu	Council Representative	Attended	Attended	Attended	Did not Attend	Attended

6. Internal audit

6.1 Internal audit service provider

The internal audit service providers, NTT, continued to provide such services to Council in the year ended 30 June 2020. The current internal audit contract will conclude its three year term at 30 June 2021.

Representatives from NTT attended all Committee meetings and presented the outcomes of the audits they had undertaken, engaging fully with the Committee in discussions arising from those audits.

During the year NTT made an annual declaration of independence to the Committee, confirming that they had maintained their independence and would continue to do so.

6.2 Internal audit plan

The 2019-2022 Internal Audit plan (the Plan) was presented to the Committee in August 2019 and was approved. The Committee considers changes to the plan from time to time as dictated by changing business circumstances. All such changes must be approved by the Committee as was the case at the November 2019 meeting to enable minor timing changes for planned reviews. At the May 2020 meeting the Committee reviewed and approved the 2020-2022 Internal Audit plan.

NTT continued the practice of presenting the Terms of Reference for each audit to the Committee for discussion and agreement before the commencement of each audit in order to ensure that the focus of each remained aligned to the risk profile of the organisation and the requirements of the Committee.

Final internal audit reports were reviewed and discussed by the Committee at each of the scheduled meetings. The status of Internal Audit recommendations was reported to the Committee on a quarterly basis and the Committee discussed management progress in closing out open recommendations.

6.3 Internal audit reports

A total of eight internal audit reports were presented to the Committee during the year. These are listed below with the overall rating, the number of recommendations by risk level and the total number of recommendations for each report.

Table 2 – 2019-20 Internal audits with overall audit and recommendation ratings

Audit Name	Meeting	Overall Rating	High Risk	Medium Risk	Low Risk	Total Actions
Rates and Valuations internal audit	August 2019	Satisfactory		3		3
Contract Management (Leisure Centre) internal audit	August 2019	Satisfactory		3	1	4
IT Strategy (including CRM / Salesforce)	November 2019	Satisfactory		4		4
Contract Variation Management	November 2019	Requiring Improvement		9	1	10
Major Project Management Review	February 2020	Requiring Improvement		8		8
Permits (including Parking and Street Trading)	February 2020	Requiring Improvement		6	2	8
Information and Records Management	May 2020	Requiring Improvement		4	2	6
Parking Meter Coin Collection Contract Management	May 2020	Effective				0

Audit Name	Meeting	Overall Rating	High Risk	Medium Risk	Low Risk	Total Actions
Total				37	6	43

It was pleasing to see that no high rated issues were reported by the internal auditors for the year. The Committee reviewed and approved Terms of Reference for the Risk Management and Controls Assurance internal audits which are reviews included in the internal audit plan for the year ending 30 June 2021 and are in progress at 30 June 2020.

6.4 Oversight of internal audit performance

The Committee monitored the performance of the Internal Auditor through ongoing review of Internal Audit reports, the quarterly Internal Audit Status reports and face to face discussion at each quarterly meeting. In addition, the Committee engaged with managers responsible for the business areas in which the audits were conducted to seek their views on the value of the work undertaken. The 2019-2020 report on the performance of NTT will be presented to the Committee at the first meeting in the 2020-2021 financial year.

6.5 Implementation of audit recommendations

The Committee continued to encourage management to implement Internal Audit recommendations in a timely manner to ensure that better practices and controls in council's services are achieved.

A summary of progress on implementation was presented to the Committee at each meeting to enable it to monitor the progress of implementation of audit recommendations. The table below summarises the status of actions for the year. Twenty-nine recommendations were open as at 30 June 2020, none of which were overdue for completion. This reflects the ongoing commitment of the organisation to address audit recommendations in a timely and responsible manner.

Table 3 – Summary of Status of Actions

	Total
Open Actions at 1 July 2019	29
Add New Actions Reported during the year	43
	72
Less Actions completed during the year	47
Open Actions at 30 June 2020	25

6.6 Internal Audit Charter

In response to a review of the findings of the VAGO report on Internal Audit Performance across the Local Government sector (published in 2018) the Committee oversaw the development of an Internal Audit Charter in November 2018. This provides a robust foundation for an effective internal audit function and assists in communicating the purpose, role and authority of the function to the rest of the organisation. The Internal Audit Charter will be reviewed every three years.

7. External Audit

The Victorian Auditor General's Office (VAGO) continued to take direct responsibility for delivery of the external audit of the City and its subsidiary companies.

Jonathan Kyvelidis, Director Financial Audit, was the VAGO officer responsible for the external audit of the City and its subsidiary companies for the first half of the period under review. Sanchu Chummar assumed this role when Mr Kyvelidis resigned from his role at VAGO in early 2020. The External Audit Plan for the year ended 30 June 2020 was presented and approved at the February 2020 Committee meeting.

VAGO's approach focused on:

Risk identification and assessment, including:

- setting materiality levels for the audit
- identifying material transactions, balances, disclosures and significant events
- assessing the risks of material misstatement in the annual financial report and the annual performance statement and the controls in place to mitigate those risks
- developing the audit strategy, including scope, timing and direction of the audit.

Risk response –

- Choosing and executing appropriate procedures to obtain audit evidence, including the use of data analytics where appropriate.

Reporting –

- Providing observations and recommendations for improvements to internal controls identified during the audit through our interim and final management letters.
- Informing Council of any significant findings that are not controls related through our closing report at the conclusion of the audit.
- Issuing an audit opinion on the financial report and performance report.

8. Oversight of annual financial and performance reports

On 29 August 2019 a special meeting of the Committee was held to consider the annual financial reports and the annual performance reports of the City and its subsidiaries for the year ended 30 June 2019. The Committee holds this special meeting each year to accommodate the timing requirements that allow Council to approve the annual financial report and the annual performance statement within the legislative timing requirements.

After Committee members reviewed the annual financial reports and performance reports, received officer presentations, reviewed the outcomes of the external audit and discussed the reports with representatives of the Audit and Risk Committees of the subsidiary companies, the Committee approved 'in principle' the Annual Financial Report, and the Annual Performance Statement.

9. Duties and responsibilities

The Committee's activities are focussed on discharging its responsibilities set out in its Charter as approved by Council from time to time. To ensure that the Committee completes its work, the Committee prepares an Annual Work Plan setting out the activities it needs to complete and the timing of each.

The Annual Work Plan is a key document for the Committee in directing its work. Details of the Committee's responsibilities are set out in Appendix 1.

9.1 Monitoring of legal claims

As part of monitoring the City's risk exposures, the Committee received regular reports which summarise the status of litigated claims or other matters settled or pending.

9.2 Subsidiary companies

The Committee received regular reports from the subsidiary companies' Audit and Risk Committees related to audit activity and changes in risk profile. The Committee also oversaw, at a high level, fulfilment of annual financial reporting obligations of all Council controlled entities.

9.3 City of Melbourne Audit and Risk Committee Charter review

The *Local Government Act 2020* (the Act) which was assented to on 24 March 2020, contains new requirements for Audit and Risk Committees. The Committee worked with senior officers to identify changes required to the Committee's Charter so that they could be submitted to Council for approval prior to 1 September 2020, this being the date by which the revised Charter needs to be operative. The revised Charter was considered at the May 2020 meeting of the Committee and after review it was recommended for submission to the Council for approval.

9.4 Internal Control Framework

In response to suggestions made in the 2018-2019 ARC Performance Self-Assessment survey it was agreed that a more structured approach to the review of internal controls be undertaken by the Committee going forward. Following agreement by the Committee on key components of the Internal Control Framework the Committee's Annual Work Plan was revised, such revisions being approved at the February meeting. The framework lists the key control elements under the headings of Finance and Accounting, Risk and Internal Controls and Governance Framework and sets out a four year cyclical schedule of reviews. The first reviews are scheduled to be presented to the Committee in August 2020.

9.5 Other activities

In addition to the Committee's specific responsibilities as referred to in its Charter, the Committee considered several other matters during the year ended 30 June 2020 as follows:

- Emergency Preparedness – Exercise Eris Multiple Agency hypothetical terrorist incident response (November 2019)
- Combustible Cladding Updates throughout the year
- Tree Management report - (November 2019)
- Significant Risk identification (November 2019)
- Insurance renewal report (August 2019)
- Queen Victoria Market precinct renewal report (November 2019; May 2020)
- Resilience to Cyber-attack report (November 2019)
- Legal Counsel presentation (November 2019)
- Gifts, benefits and hospitality register and conflicts of interest (February 2020)
- Proposed Borrowing Policy (February 2020)
- Auditor independence (February 2020)
- Councils and Emergencies Capability and Capacity Evaluation Report (February 2020)

10. Audit and Risk Committee Effectiveness Survey

In June 2020, a self-assessment survey was completed by members of the Committee and Council officers who have regular interaction with Committee. The survey is structured to cover the following areas:

- Charter.
- Member skills and experience.
- The City's Risk Management Framework and legislative and policy compliance arrangements.
- Meeting administration and conduct.
- Communications to Council.
- Quality of management reports to Committee.
- Internal Audit.

- External Audit.
- Committee effectiveness.

The results of the survey are attached at Appendix 2. The survey was sent out to the all Committee members and nine officers for completion. Twelve responses were received.

In broad terms there was a strong positive response from all respondents, resulting in an overall score of four which was the highest possible score.

The overall rating for 2019-2020 was 89.58 per cent (2014-2015 77 per cent, 2015-2016 82 per cent, 2016-2017 88 per cent, 2017-2018 89 per cent, and 2018-2019 92 per cent).

Respondents were also asked to make comments on each of the main sections and these are included in Appendix 3 and will be considered as opportunities for improvement by the Committee. These will not form part of the published report.

11. Overall assessment of City's risk, control and compliance framework

The Committee's overall assessment is that the City has continued to enhance its management of strategic and operational risk, financial and other internal controls and compliance.

It is the view of the Committee that the governance culture of the City supports a robust risk, control and compliance framework which continues to strengthen and adapt to changes in the City's operations.

12. Thanks

I would like to thank Councillors, fellow independent members and Council staff for their contribution and support to the Committee during the 2019-2020 financial year. Where our workload has been challenging, I have appreciated the willingness of all members to make time outside Committee meetings to deal with Committee business.

Geoff Harry
Audit and Risk Committee Chair
City of Melbourne
27 July 2020

Appendix 1: Committee responsibilities under its charter and related activities undertaken

7.1 Risk Management

Responsibilities

- 7.1.1 Review whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of council's business and financial risks.
- 7.1.2 Determine whether a sound and effective approach has been followed in managing council's major risks including those associated with individual projects, program implementation and activities.
- 7.1.3 Assess the impact of the council's enterprise risk management framework on its control environment and insurance arrangements.
- 7.1.4 Review the process of developing and implementing the council's fraud control arrangements to assist council in ensuring it has appropriate processes and systems in place to detect, capture and effectively respond to fraud and improper activities.

Summary of activity undertaken

During 2019–2020 the following papers were presented to the Audit and Risk Committee:

- Significant Risk report (November 2019);
- Fraud Risk management report (November 2019)
- Risk Management report (May 2020)
- Fraud, Corruption and Protected disclosure issues were considered if required (All meetings)
- Queen Victoria Market and Citywide Services risk reports (All meetings)
- Management of risks in relation to the redevelopment of QVM (November 2019, May 2020)

All internal audit reviews undertaken are scoped only after taking into account strategic and operational risks related to each review area.

7.2 Business continuity

Responsibilities

- 7.2.1 Consider whether a sound and effective approach has been followed in establishing council's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

Summary of activity undertaken

The Committee received a report on emergency preparedness, Exercise Eris, which was undertaken in May 2019 (Report to August 2019 meeting). The Chair of the Committee, Geoff Harry attended and observed the exercise and reported back to the Committee.

7.3 Internal control

Responsibilities

- 7.3.1 Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- 7.3.2 Review whether management has in place relevant policies and procedures, including Chief Executive's Instructions or their equivalent, and that these are periodically reviewed and updated.
- 7.3.3 Consider whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with.
- 7.3.4 Review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.
- 7.3.5 Consider how management identifies any required changes to the design or implementation of key internal controls.

Summary of activity undertaken

An Internal Control Framework was developed to provide a comprehensive cyclical schedule for Committee review of Internal Control elements. See main report section 9.4 for more detail.

All Internal Audits undertaken and reported to the Committee during this period covered issues on internal control and considered compliance with policies and procedures. Matters reported each quarter in the Governance and Legal Report related to ongoing key internal controls such as adherence to the Annual Plan and OHS reporting.

7.4 Compliance

Responsibilities

- 7.4.1 Review the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 7.4.2 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.
- 7.4.3 Obtain regular updates from management about compliance matters.

Summary of activity undertaken

A number of the Internal Audits undertaken during 2018-19 covered issues of compliance with legislation and regulations including Contract management, Rates and Valuations, and Parking and Street Trading Permits.

A process for the regular monitoring and reporting of legislative compliance obligations is undertaken each quarter and reported to the Committee.

7.5 Internal audit

Responsibilities

- 7.5.1 Review with management and the internal auditor the charter, activities, staffing, and organisational structure of the internal audit function.
- 7.5.2 Review the specifications for the Provision of Internal Audit Services contract and participate in the tender evaluation process.
- 7.5.3 Review and recommend the annual internal audit plan for approval by the Council and all major changes to the plan.
- 7.5.4 Monitor that the internal auditor's annual plan is linked with and covers the material business risks.
- 7.5.5 Monitor processes and practices to ensure that the independence of the audit function is maintained.
- 7.5.6 Annually review the performance of internal audit including the level of satisfaction with internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

- 7.5.7 Provide an opportunity for the Audit and Risk Committee to meet with the internal auditor to discuss any matters that the Audit and Risk Committee or internal auditor believes should be discussed privately.
- 7.5.8 Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 7.5.9 Monitor management's implementation of internal audit recommendations.

Summary of activity undertaken

NTT (formerly known as Oakton) continued to provide internal audit services throughout 2019-20. The internal auditor provided its statement of independence to the February 2020 meeting. Considerable work was undertaken reviewing and improving the Internal Audit plan throughout the year. The Committee met with NTT in the absence of management quarterly. Audit reports were provided to each meeting of the Committee throughout the year. The status of the implementation of internal audit recommendations was presented to each Committee meeting.

7.6 External audit

Responsibilities

- 7.6.1 Note the external auditor's proposed audit scope and approach for financial performance audits, including any reliance on internal auditor activity.
- 7.6.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the council implements relevant recommendations.
- 7.6.3 Monitor processes and practices to ensure that the independence of the external audit function is maintained.
- 7.6.4 Provide an opportunity for the Audit and Risk Committee to meet with the external auditors to discuss any matters that the Audit and Risk Committee or the external auditors believe should be discussed privately.
- 7.6.5 Review all external audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 7.6.6 Annually review the performance of external audit including the level of satisfaction with external audit function.
- 7.6.7 Monitor management's implementation of external audit recommendations.

Summary of activity undertaken

Victorian Auditor General's Office continued to be City's External Auditor for 2019-2020, and also for the subsidiary companies. The external auditor's Client Strategy for year ending 30 June 2020 was presented to the Committee at the February 2020 meeting. The Committee considered the final management letter issued in August 2019 after the conclusion of the 2018- 2019 audit and also the Interim management letter (for the audit for 2019-2020) at the Committee in May 2020. The Committee met with the external auditors in the absence management at each meeting.

7.7 Subsidiary Companies

Responsibilities

- 7.7.1 Note and consider the annual Internal Audit Plan and, through quarterly reporting, note the Audit Status Report detailing progress against the plan, issues and risks identified and remedial activities scheduled.
- 7.7.1 Note and consider the annual Internal Audit Report, summarising the status of all Internal Audit recommendations.
- 7.7.3 Note and consider the macro risk profile annually and the risk matrix that identifies the top five key strategic risks. Through quarterly reporting, note any new or changing risks that impact the risk profile and/or the key strategic risks.

7.7.4 Note and consider through quarterly reporting, information relating to:

- OH&S statistic and major incidents and near misses
- actual and potential fraud activity
- legal claims
- instances of non-conformance with laws and regulations
- proposed changes to accounting policies
- material, unusual accounting transactions and adjustments.

7.7.1 The Chair of the Committee will meet with the Chairs of the subsidiary Committees at least annually for exchange of information and ideas.

7.7.1 Note and consider the External Auditor's annual management letter.

7.7.1 Note and consider the annual report from the subsidiaries relating to the performance of their Internal and External Auditors.

7.7.8 Note and consider the Committee charters of the subsidiaries and any subsequent changes thereto.

Summary of activity undertaken

The Committee received regular reports from the subsidiary companies' Audit and Risk Committees related to audit activity and changes in risk profile. The Committee also oversaw, at a high level, fulfilment of annual financial reporting obligations of all Council controlled entities.

7.8 Financial report

Responsibilities

7.8.1 Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.

7.8.2 Review with management and the external auditors the results of the audit, including any difficulties encountered.

7.8.3 Review the annual financial report and performance report of the City of Melbourne and its subsidiaries, and consider whether it is complete, consistent with information known to Committee members, and reflects appropriate accounting principles.

7.8.4 Review the process for the consolidation of financial information of council related entities into the financial reports of council.

7.8.5 Review with management and the external auditors all matters required to be communicated to the Committee under the Australian Auditing Standards.

7.8.6 Recommend the adoption of the Consolidated Financial Report to Council.

Summary of activity undertaken

At its special meeting in August 2019 the Committee examined in detail the Financial Report of the City of Melbourne and its subsidiaries and the consolidated Financial Report for the group. The adoption of the 2018-2019 consolidated financial Report was recommended to Council by the Committee following the completion of recommended amendments by the Committee and confirmation from the external auditor that the audits were completed. The external auditors attended all Committee meetings and reported on the progress of their financial audits as required.

7.9 Reporting responsibilities

Responsibilities

- 7.9.1 Report regularly to the Council about Audit and Risk Committee activities, issues, and related recommendations through circulation of minutes and the Audit and Risk Committee's annual report. Additional updates may be appropriate should issues of concern arise.
- 7.9.2 Monitor that open communication between the internal auditor, the external auditors, and the council management occurs.

Summary of activity undertaken

The minutes of all meetings were presented to the Council after each Committee meeting.

In addition, a brief synopsis of key issues discussed at each Committee meeting was sent to all Councillors immediately following each Committee meeting.

The annual performance report of the Committee for 2018-2019 was forwarded to Council in October 2019.

7.10 Other responsibilities

- 7.10.1 Perform other activities related to this charter as requested by the Council.
- 7.10.2 Annually review and assess the adequacy of the Committee Charter, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.
- 7.10.3 Annually confirm that all responsibilities outlined in this charter have been carried out.
- 7.10.4 Annually evaluate the Committee's performance.

Summary of activity undertaken

Council ratified the appointment of the Committee Chair for 2018-2019 in October 2019.

The annual Committee performance report presented to Council in October 2019 confirmed that all responsibilities in the Charter had been carried out and included a self-assessment of the Committee's performance.

The Charter was reviewed by the Committee in May 2020 and a number of changes were made in light of the changes to the Committee's responsibilities made by *Local Government Act 2020*.

7.11 Transparency measures adopted

Responsibilities

- 7.11.1 The Annual Committee Performance Report is to be presented to Council annually and published on the Council's website.
- 7.11.2 A 'one-off' End of Council Term Report is to be presented prior to the end of each Council term to a closed session of Council, before the caretaker period commences.
- 7.11.3 A briefing paper from the Committee is to be sent to Councillors after each of the four regular Committee meetings summarising progress, matters discussed and any issues the Committee wishes to share with all Councillors.
- 7.11.4 The Chair of the Committee will present the annual Internal Audit Plan to a Councillor Forum prior to commencement of the financial year, followed by an in-camera session with Councillors immediately after the conclusion of Councillor Forum.
- 7.11.5 Internal audit reports and external audit reports shall not be made public.

Summary of activity undertaken

The 2019-2020 Annual Committee Performance report was presented to Council in October 2019 and subsequently published on the Council's website. Briefing papers were sent to Councillors after each quarterly meeting during the period under review. The Chair of the Committee presented to Councillor Forum in February 2020, and included reference to the 2019-2022 Internal Audit Plan.

Appendix 2: Self-assessment survey results

NOTE: 'Strongly agreeing' with the statements which were all expressed in the positive, resulted in a score of four and was the highest possible score, 'agree' was scored three, 'disagree' scored two and 'strongly disagree' scored one. 'Neither agree nor disagree' was taken to mean the same as 'don't know' or 'not applicable' and was scored zero and was not included in the calculation of the average.

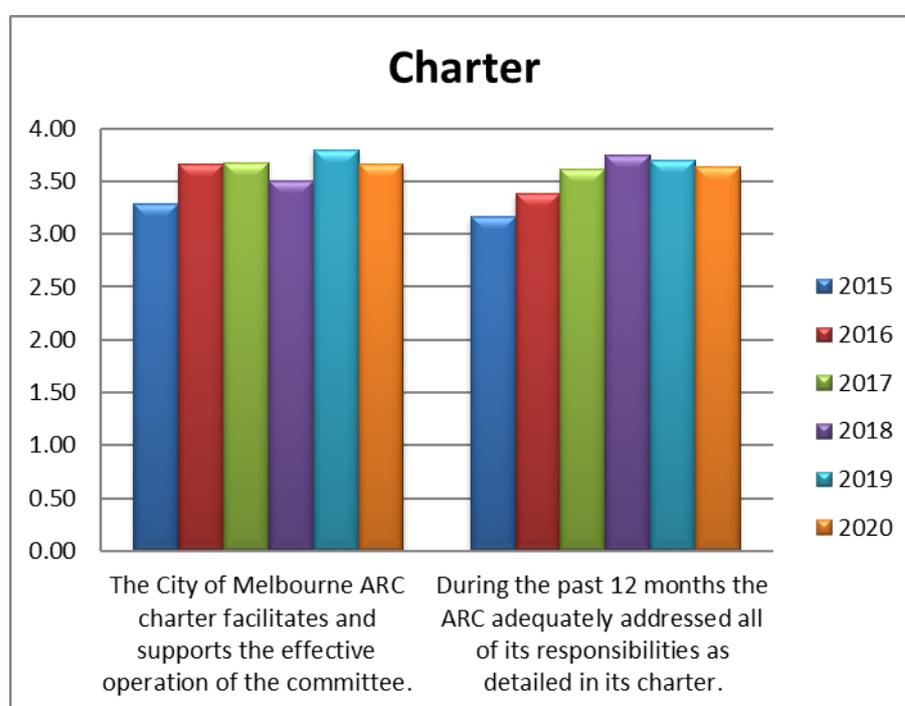
Charter

Statement 1: The City of Melbourne Audit and Risk Committee charter facilitates and supports the effective operation of the committee.

Response: 2015 3.29; 2016 3.66; 2017 3.67; 2018 3.50; 2019 3.80; 2020 3.67.

Statement 2: During the past 12 months the Audit and Risk Committee adequately addressed all of its responsibilities as detailed in its charter.

Response: 2015 3.17; 2016 3.39; 2017 3.62; 2018 3.75; 2019 3.70; 2020 3.64.



Member skills and experience

Statement 1: The mix of skills on the Audit and Risk Committee allows it to effectively perform its assigned responsibilities.

Response: 2015 3.10; 2016 3.19; 2017 3.33; 2018 3.50; 2019 3.70; 2020 3.73.

Statement 2: The Audit and Risk Committee has been able to analyse and critically evaluate information presented to it by management.

Response: 2015 3.23; 2016 3.37; 2017 3.63; 2018 3.42; 2019 3.80; 2020 3.50.

Statement 3: The Audit and Risk Committee's overall financial literacy is adequate in the light of its responsibilities.

Response: 2015 3.21; 2016 3.29; 2017 3.67; 2018 3.58; 2019 3.80; 2020 3.75.

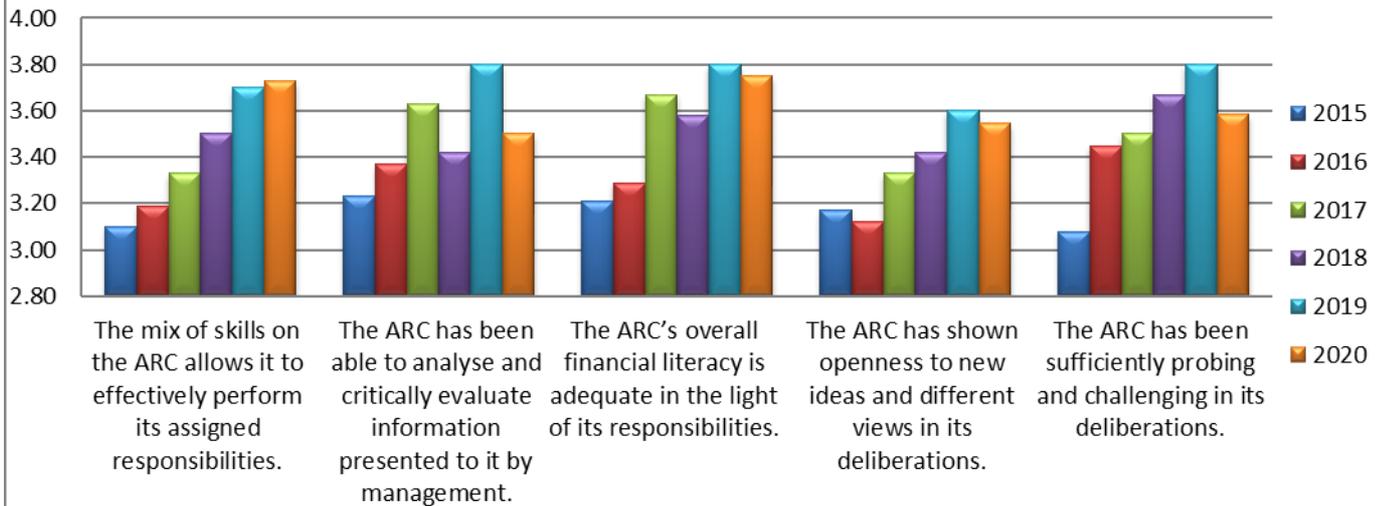
Statement 4: The Audit and Risk Committee has shown openness to new ideas and different views in its deliberations.

Response: 2015 3.17; 2016 3.12; 2017 3.33; 2018 3.42; 2019 3.60; 2020 3.55.

Statement 5: The Audit and Risk Committee has been sufficiently probing and challenging in its deliberations.

Response: 2014 3.45; 2015 3.08; 2016 3.45; 2017 3.50; 2018 3.67; 2019 3.80; 2020 3.58.

Member skills and experience



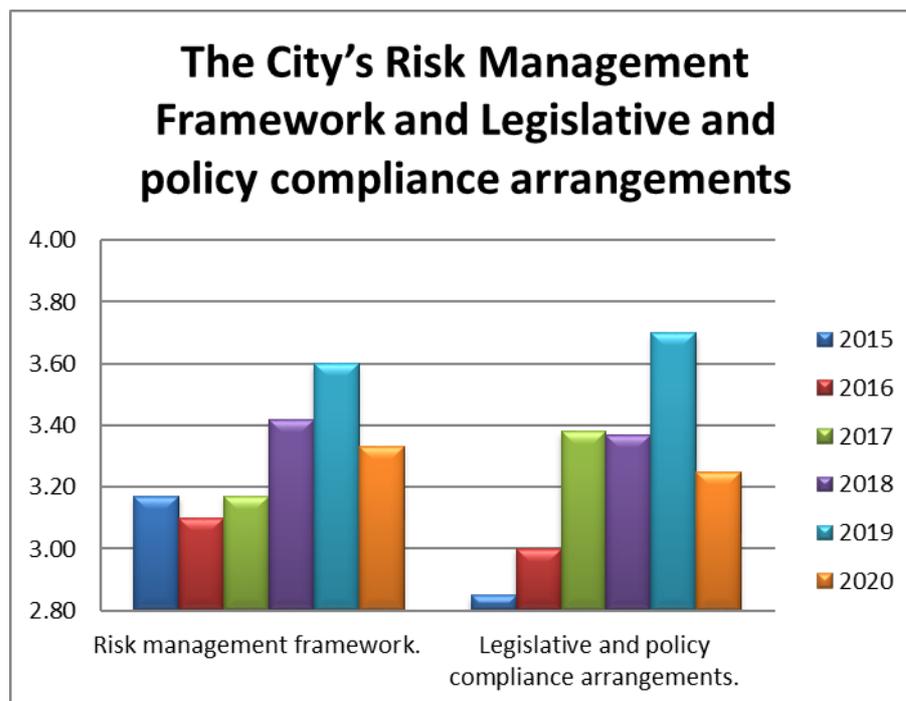
The City's Risk Management Framework and Legislative and policy compliance arrangements

Statement 1: The Audit and Risk Committee has sufficient understanding and appreciation of the City of Melbourne's: Risk management framework.

Response: 2015 3.17; 2016 3.10; 2017 3.17; 2018 3.42; 2019 3.60; 2020 3.33.

Statement 2: The Audit and Risk Committee has sufficient understanding and appreciation of the City of Melbourne's: Legislative and policy compliance arrangements.

Response: 2015 2.85; 2016 3.00; 2017 3.38; 2018 3.37; 2019 3.70; 2020 3.25.



Meeting administration and conduct

Statement 1: The Audit and Risk Committee has the appropriate number of meetings to properly discharge its duties.

Response: 2015 3.08; 2016 3.37; 2017 3.50; 2018 3.67; 2019 3.80; 2020 3.82.

Statement 2: The meeting agenda is structured to allow sufficient time to discuss the most complex and critical issues.

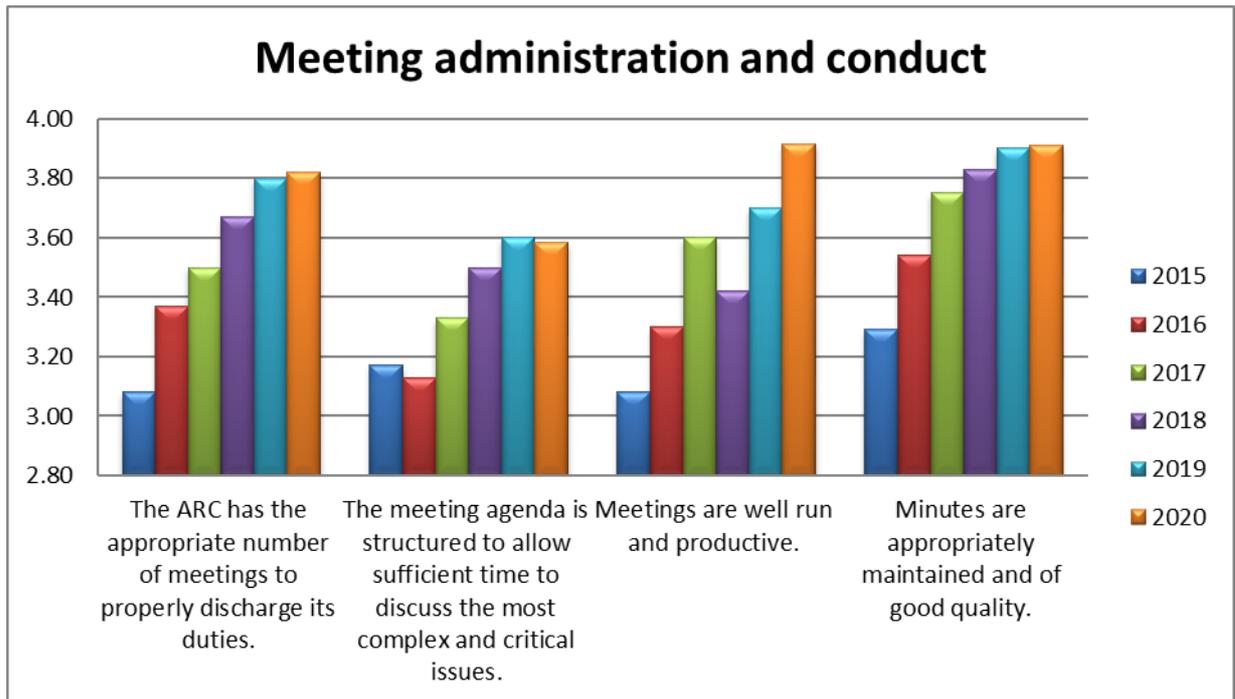
Response: 2015 3.17; 2016 3.13; 2017 3.33; 2018 3.50; 2019 3.60; 2020 3.58.

Statement 3: Meetings are well run and productive.

Response: 2015 3.08; 2016 3.30; 2017 3.60; 2018 3.42; 2019 3.70; 2020 3.92.

Statement 4: Minutes are appropriately maintained and of good quality.

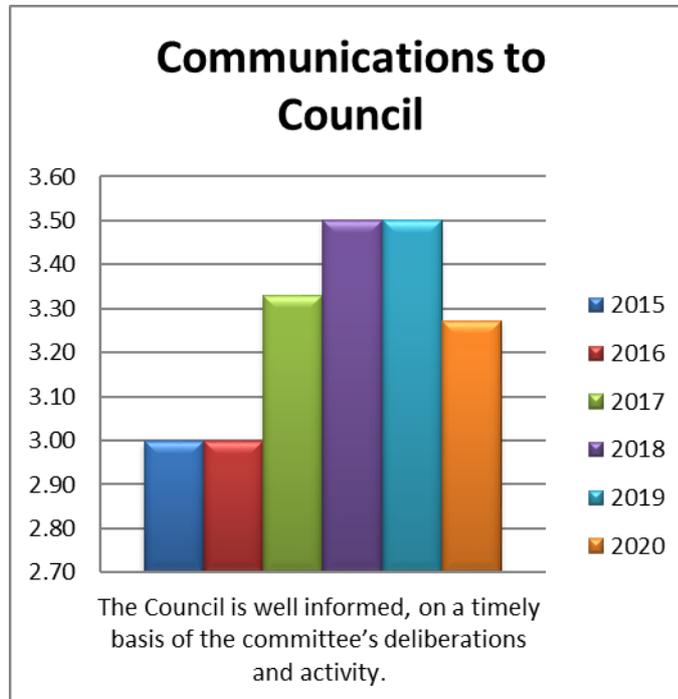
Response: 2015 3.29; 2016 3.54; 2017 3.75; 2018 3.83; 2019 3.90; 2020 3.91.



Communications to Council

Statement 1: The Council is well informed, on a timely basis of the committee's deliberations and activity.

Response: 2015 3.00; 2016 3.00; 2017 3.33; 2018 3.50; 2019 3.50; 2020 3.27.

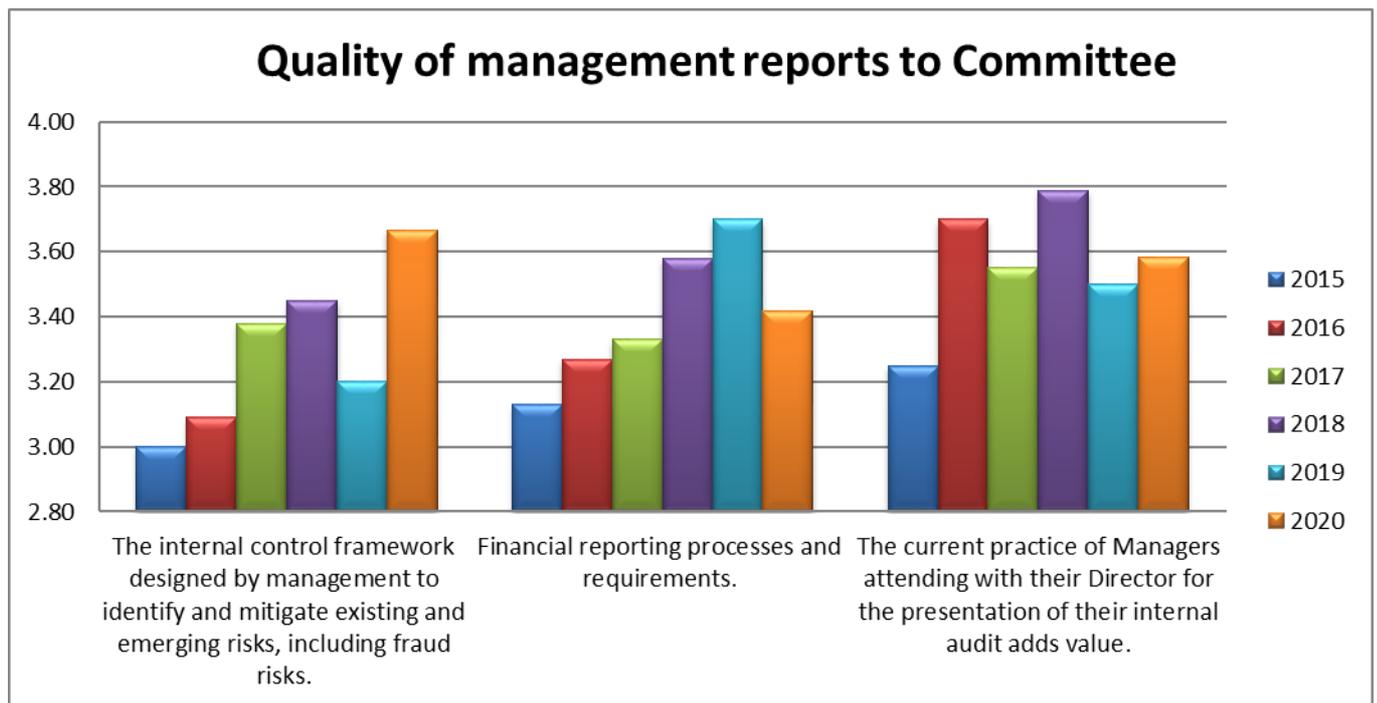


Quality of management reports to Committee

Statement 1: Information presented by management meets the Audit and Risk Committee's expectations in respect of: The internal control framework designed by management to identify and mitigate existing and emerging risks, including fraud risks.
 Response: 2015 3.00; 2016 3.09; 2017 3.38; 2018 3.45; 2019 3.20 2020 3.67.

Statement 2: Information presented by management meets the Audit and Risk Committee's expectations in respect of: Financial reporting processes and requirements.
 Response: 2015 3.13; 2016 3.27; 2017 3.33; 2018 3.58; 2019 3.70; 2020 3.42.

Statement 3: Information presented by management meets the Audit and Risk Committee's expectations in respect of: The current practice of Managers attending with their Director for the presentation of their internal audit adds value.
 Response: 2015 3.25; 2016 3.70; 2017 3.55; 2018 3.79; 2019 3.50; 2020 3.55.



Internal Audit

Statement 1: The Audit and Risk Committee appropriately reviews and approves the internal audit plan including any significant changes.

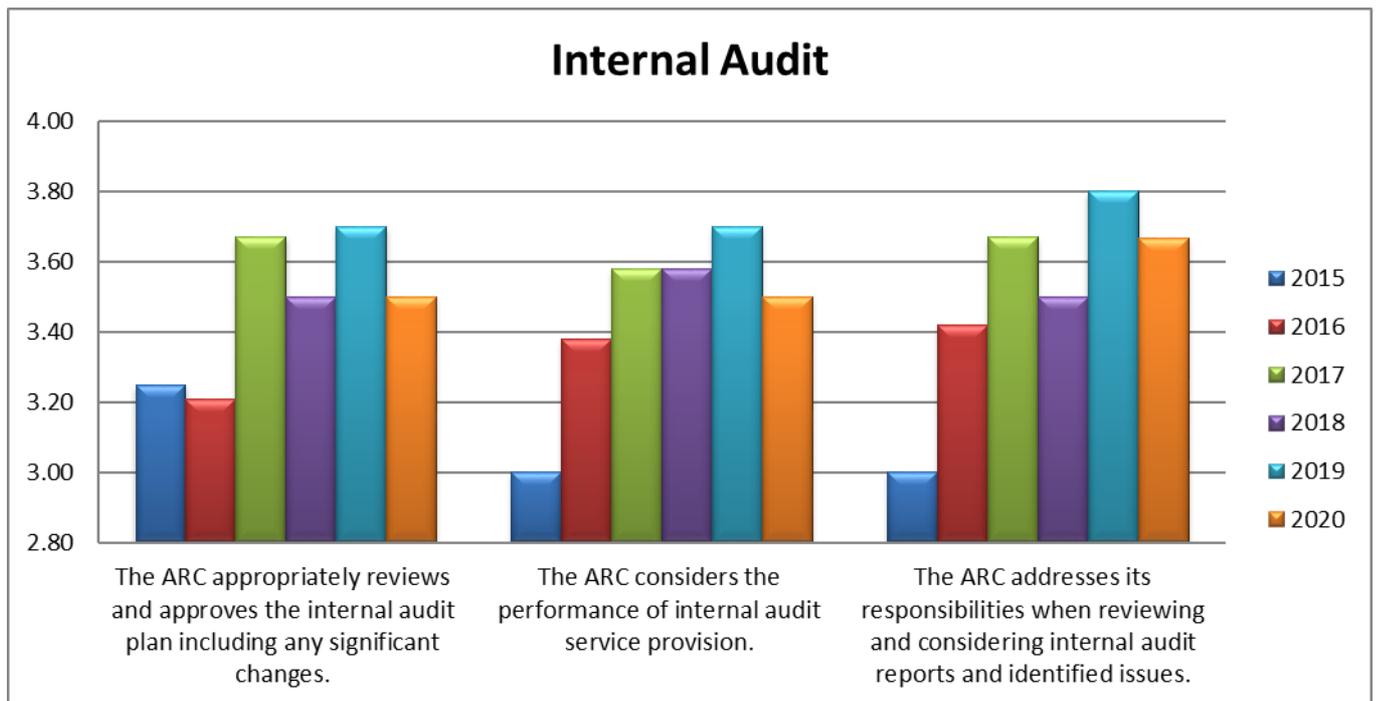
Response: 2015 3.25; 2016 3.21; 2017 3.67; 2018 3.50; 2019 3.70; 2020 3.50.

Statement 2: The Audit and Risk Committee considers the performance of internal audit service provision.

Response: 2015 3.00; 2016 3.38; 2017 3.58; 2018 3.58; 2019 3.70; 2020 3.50.

Statement 3: The Audit and Risk Committee addresses its responsibilities when reviewing and considering internal audit reports and identified issues.

Response: 2015 3.00; 2016 3.42; 2017 3.67; 2018 3.50; 2019 3.80; 2020 3.67.



External Audit

Statement 1: The Audit and Risk Committee appropriately considers and understands the external audit plan.

Response: 2015 3.00; 2016 3.27; 2017 3.58; 2018 3.50; 2019 3.70; 2020 3.50.

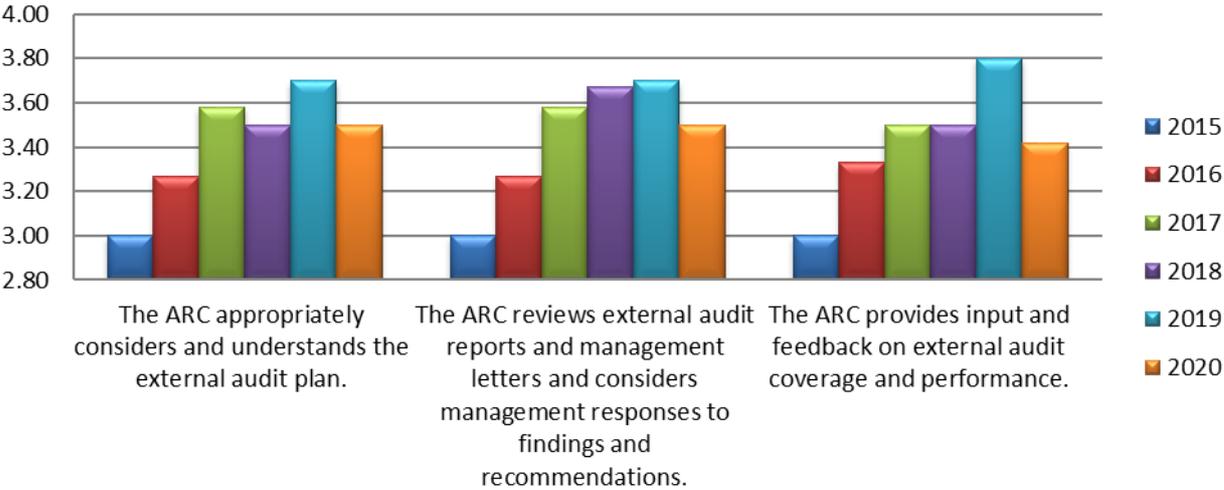
Statement 2: The Audit and Risk Committee reviews external audit reports and management letters and considers management responses to findings and recommendations.

Response: 2015 3.00; 2016 3.27; 2017 3.58; 2018 3.67; 2019 3.70; 2020 3.50.

Statement 3: The Audit and Risk Committee provides input and feedback on external audit coverage and performance.

Response: 2015 3.00; 2016 3.33; 2017 3.50; 2018 3.50; 2019 3.80; 2020 3.42.

External Audit



Committee effectiveness

Statement 1: The Audit and Risk Committee has added value to the organisation.

Response: 2015 3.17; 2016 3.37; 2017 3.50; 2018 3.67; 2019 3.90; 2020 3.75.

