



Biannual audit and risk report

Period 1 July 2024 – 31 December 2024

Objectives and scope

- (1) The Audit and Risk Committee (the Committee) is a Committee established by Council under section 53 of the *Local Government Act 2020* (the Act) on 25 August 2020 to undertake the following functions and responsibilities prescribed under section 54 of the Act:
 - (a) monitor the compliance of Council policies and procedures with the overarching governance principles, the Act, any associated regulations and any Ministerial directions;
 - (b) monitor Council's financial and performance reporting;
 - (c) monitor and provide advice on risk management and fraud prevention systems and controls; and
 - (d) oversee internal and external audit functions.

Membership

- (2) The Committee comprised 4 independent members and 2 Councillors during this period.
- (3) The independent members were Mr Vito Giudice, Mr Matt Fagence, Ms Jane Watson and Mr Wilson Tang.
- (4) The Councillor representatives were Mayor Cr Dean Rees and Cr Jack Herry until 19 November 2024 (the end of their councillor terms).
- (5) Mayor Cr Irene Grant and Deputy Mayor Cr Harvey Benton were appointed as the councillor representatives at the 19 November 2024 Council meeting for one-year terms.
- (6) The chairperson was Mr Vito Giudice. Mr Giudice was unanimously endorsed by the Committee as Chairperson for a period of one year on 5 March 2024.

Meetings

- (7) The Committee met 3 times during this period on 6 August, 17 September (Special Meeting for the purposes of endorsing in-principles the Financial and Performance Statements and Governance and Management Checklist) and 3 December 2024.

Attendance

- (8) The following table shows meeting attendance by members.

Member	6 August	17 September	3 December	TOTAL
Ms Jane Watson	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	2/3
Mr Vito Giudice	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/3
Mr Matt Fagence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/3
Mr Wilson Tang	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	3/3
Cr Jack Herry	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Not required	1/2
Cr Mayor Dean Rees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Not required	2/2
Cr Irene Grant	Not required	Not required	<input type="checkbox"/>	0/1
Cr Harvey Benton	Not required	Not required	<input checked="" type="checkbox"/>	1/1

External audit

- (9) The external audit was conducted by Crowe on behalf of VAGO the week commencing 26 August 2024.
- (10) The Final Management Letter for the year ending 2024 was issued by VAGO on 15 October 2024 which provided a summary of audit findings. The summary of audit findings were:



Open item	Rating	Findings	Recommended management action	Implementation Date
Infringement Debtors Control account	Moderate	We noted in our review of Infringement control debtors that the trial balance did not agree to the schedule of debtors. It was identified on further investigation that there were a number of old dated journals that made up the balance which include significantly aged debtors without proper details.	We recommend management review their listing of infringement control debtors and assess whether the old journals are still required. Old uncollectable debtor balances should be written off.	30 June 2025
Historic Bank Accounts	Low	It was identified in our review bank accounts that there were 2 bank accounts that were not included in the trial balance. It was noted from discussion with management that the two bank accounts in question were effectively monies held in trust. However, the funds in the bank	We recommend management either determine an appropriate resolution to closing these bank accounts down and distributing the remaining funds or include these bank accounts within the trial balance going forward so that they are subject to a regular review, reconciliation and monitoring process	30 June 2025

account have existed for multiple periods.

Accounting for developer contributions and gifted assets

Moderate

We note that internal process for accounting for developer contributions and gifted assets received throughout the year by the council is monitored on a reactive and ad hoc basis. There is no overarching register to monitor the developer contributions and gifted assets in terms of control and recognition of assets, timing of revenue recognition and communication between various council departments (Planning Team,

While the Planning Team do maintain records of developer contributions and gifted assets, this is not utilised by the Engineering Team and Finance Team. Recognition of developer contributions and gifted assets relies on email communication between teams. We recommend Council review and implement a more formalised process to assist with accounting, reporting and compliance requirements.

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Engineering Team and Finance Team) to ensure completeness and recognition in a timely manner

Recognition and control of Art Works

Low

We noted that Council identified and recognised \$1.094 million of artworks as part of the comprehensive revaluation performed for 30 June 2024. We noted that a large amount of these found assets were artworks that were pieces that were donations made to Council since the previous comprehensive revaluation was performed. Council did not appear to be keeping its financial records up to

We recommend that Council implement a process to ensure that Artworks that are donated are recognised by Council in its fixed asset register when Council controls the asset. We also recommend that Council establish an accounting policy for artworks that are on longer term loan to Council

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date as artworks were being donated. We also noted that there were a couple of pieces of artwork Council recognised as a found asset where a long-term loan agreement existed between Council and the owner of the artwork. However, Council did not have an accounting policy that deals with how these assets are treated under AASB 116 Property, Plant and Equipment.

Consistency of depreciation policy

Low

We noted during our testing of IPPE that there were additions during the year with capitalisation dates (date ready for intended use) dated prior

We recommend that Council apply a consistent depreciation policy in the fixed asset register to ensure that depreciation expense is accurate.

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FY24. The Council has backdated the depreciation for these additions and were recorded fully in FY24. Crowe has noted that while not material in the current year, this practice could result in a material overstatement of depreciation for the current year in the financial statements. We also noted that due to a clean-up in the system to the fixed asset register (FAR) to properly reflect remaining useful lives of some assets which was processed by management on 1 June 2024, a number of assets in the FAR had 0% depreciation rates. The ending result

was depreciation amount being recorded for 11 months at the old depreciation rate and one month at the revised rate. Since the update caused some assets to have revised depreciation rate to 0%, those assets haven't been depreciated for one month (June 2024). Crowe has noted that while not material in the current year, this practice could result in a material understatement of depreciation for the current year in the financial statements.

Monitor compliance of policies and procedures

- (11) The Committee reviewed Council's Council Expenses Policy at the 6 August 2024 Audit and Risk Committee Meeting.
- (12) The Audit and Risk Committee requested a presentation of Council's Child Safety Policy and Community Engagement Policy in 2025.

Financial and performance reporting

- (13) The Committee reviewed the quarterly performance reports at the 6 August and 3 December 2024 Audit and Risk Committee meetings during this period but only reviewed the Quarter 1 Finance Report at the 3 December 2024 Audit and Risk Committee Meeting due to the proximity of the August Audit and Risk Committee to the special Committee meeting in September, the purpose of which was to approve in-principle the financial statement for 2024/25.

Risk management

- (14) The Committee noted the Risk Management Policy and Risk Appetite Statement.
- (15) The Committee considered Council's strategic risks at the 3 December 2024 Committee meeting and were provided with an update on Council's Operational Risk Register rollout during this period.

- (16) Presentations on climate change and fraud management business risks were provided during this period.
- (17) The Committee reviewed councillor expense reimbursements and CEO credit card expenses during the period.

Internal audit and Committee actions

- (18) The Records Management and Information Privacy internal audit was completed and presented to the Committee on 6 August 2024, with three recommendations (1 moderate and 2 minor) being accepted by Council officers.
- (19) The Road Asset Management internal audit was completed and presented to the Committee on 3 December 2024, with 12 recommendations (11 moderate and 1 minor) being accepted by Council officers.
- (20) The Data Mining – Accounts Payable and Procurement internal audit was completed and presented to the Committee on 3 December 2024, with 3 recommendations (all moderate) being accepted by Council officers.
- (21) The Data Analytics – Payroll internal audit was completed and presented to the Committee on 3 December 2024, with 3 recommendations (all minor) being accepted by Council officers.
- (22) Management implementation of internal audit actions is monitored and reviewed at each Committee meeting. 9 actions were due for completion during the period of 1 July – 31 December 2024; the composition of these actions include:

- a. 3 from the 2024 Records Management and Information Privacy internal audit;
- b. 3 from the 2024 Data Analytics -Payroll Internal Audit; and
- c. 3 from the 2024 Data Mining - Accounts Payable and Procurement internal audit.

(23) Of these actions, 8 were reported to the Audit and Risk Committee and completed, one item remained off track (as of 31 December 2024). More detail on the off track item is included in the Committee Actions report in this agenda.