

# Report on Operations November 2024 to May 2025



Mornington  
Peninsula Shire

## EXECUTIVE SUMMARY

The Audit and Risk Committee Charter 2024 (the Charter) established the Audit and Risk Committee (Committee) under the *Local Government Act 2020*. Under this Charter, the Chairperson of the Committee is to formally report on the operations of the Committee to the Council on a biannual basis.

The last report to Council covered activities of the Committee in meetings for the period 23 February 2024 to 27 November 2024. This report covers activities of the Committee from 28 November 2024 to 29 May 2025.

Committee activities for the period have been determined by its Charter (Attachment 1).

## RECOMMENDATION

**That Council receives and notes the report on Audit and Risk Committee Operations 28 November 2024 to 29 May 2025.**

## COUNCIL & WELLBEING PLAN

This aligns with the Council and Wellbeing Plan, in particular:

Theme 2: A robust, innovative and diverse economy.

Strategic Objective 2.2: A strong food economy, promoting growth to enhance community access.

## GOVERNANCE PRINCIPLES

Section 9 of the *Local Government Act 2020* states that a Council must in the performance of its role give effect to the overarching governance principles. This report aligns with principles C and G which are:

- C. The economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.
- G. The ongoing financial viability of the Council is to be ensured.

## BACKGROUND AND PURPOSE

The Audit and Risk Committee Charter 2024 (the Charter) established the Audit and Risk Committee (Committee) under the *Local Government Act 2020*. Under this Charter, the Chairperson of the Committee is to formally report on the operations of the Committee to the Council on a biannual basis.

The last report to Council covered activities of the Committee in meetings for the period 23 February 2024 to 27 November 2024. This report covers activities of the Committee from 28 November 2024 to 29 May 2025.

Committee activities for the period have been determined by its Charter (Attachment 1).

## AUDIT AND RISK COMMITTEE ACTIVITIES

### Membership and Meetings

The Committee comprises three independent and two Councillor members, with substitute Councillor members appointed to attend as required. Councillor members are appointed by Council annually, for a 12-month term, which may be renewed subject to Council resolution. Independent members are appointed by Council for a three-year term following an external selection process. In accordance with its Charter, the Chairperson of the Committee is appointed by Council from one of the independent members. To enable continuity, the terms of independent members are staggered where possible.

At the Council meeting on Tuesday 3 December 2024, Council appointed Cr Bruce Ranken and Cr Stephen Batty as Council's delegated Representatives to the above Committee, with Cr Kate Roper as the Substitute Representative.

The Committee would like to thank Cr Roper and Cr Marsh for their contribution throughout 2024.

The Chief Executive Officer (CEO) and other senior management representatives attend meetings of the Committee, by invitation, to assist in meeting discussions and procedures. The CEO provides a written report to the Committee and provides a verbal update at each meeting on any emerging issues. Representatives from the internal and external auditors also attend to present on matters related to internal and external audit activities.

The following meetings of the Committee were held during the period:

- 28 November 2024 – General meeting
- 27 February 2025 – General meeting
- 29 May 2025 – General meeting

Committee membership is as follows:

| Name  | Term  |
|---|---|
| Ms Lisa Tripodi, Audit and Risk Committee Chairperson<br><br>Independent Member | 10 October 2017 – 31 October 2024<br><br>(term extended to 31 October 2024 by Council at its meeting on 1 November 2021)<br><br>Additional term: 1 November 2024 ending 31 October 2026. (endorsed by Council 15 July 2024) |
| Mr Jonathon Kyvelidis<br><br>Independent Member                                 | 2 February 2022 – 1 February 2025<br><br>Second term - 2 February 2025 expiring 1 February 2028 (endorsed by Council 3 December 2024)   |
| Mr David Fraser<br><br>Independent Member                                       | 25 August 2022 – 24 August 2025<br>Second term - 25 August 2025 expiring 24 August 2028. (endorsed by Council 3 December 2024)  |

|  |                                    |
|--|------------------------------------|
| Cr Bruce Ranken<br>Councillor Member       | 3 December 2024 – 31 November 2025 |
| Cr Stephen Batty<br>Councillor Member      | 3 December 2024 – 31 November 2025 |
| Cr Kate Roper<br>Substitute Representative | 3 December 2024 – 31 November 2025 |

The Committee’s Charter is used to develop a Work Plan which guides the agenda and activities at each meeting during the year. Meeting agendas, papers and minutes are provided to Councillors via the Electronic Business Papers System.

**Internal Audit**

The contract for the Internal Audit function was awarded to Aster Advisory (formally Pitcher Partners) and commenced on 1 July 2020 for a term of three years with the option to extend for an additional two years (one plus one). The contract was then extended until June 2025. A formal Tender process for the Provision of Internal Audit Services is currently underway.

The following papers have been tabled by Aster Advisory during the reporting period:

- Internal Audit Program Status Report (an update on delivery of the Internal Audit Plan provided to the Committee at each general meeting)
- Recent Issues Brief (quarterly report issued by Aster Advisory highlighting current audit and risk matters, provided to the Committee at each general meeting)
- Internal Audit Report – Community Funding and Grants (November 2024)
- Internal Audit Report – Long Term Financial Plan (LTFP) assumption and sustainability health check. (February 2025)
- Internal Audit Report – User Fees and Charges. (February 2025)
- Status of Implementation of Corrective Actions - Internal Audit (February 2025)
- Internal Audit Report – Operational Health and Safety (OHS) Framework (May 2025)
- Internal Audit Report – Events and Festivals (May 2025)
- Internal Audit Report – Resource Recovery (May 2025)

Implementation of actions to address findings from Internal Audit Reports is monitored at subsequent Committee meetings.

The Committee works with Aster Advisory and management during the year to monitor the performance of internal audit on an ongoing basis.

**External Audit**

RSD Audit was appointed by the Victorian Auditor General's Office (VAGO) in July 2022 to conduct the external audit of the Mornington Peninsula Shire's (Shire) financial report and performance statement on its behalf, for a period of up to six years (three plus three).

The Committee received and considered the following report from RSD Audit during the reporting period:

- FY25 External Audit Strategy (February 2025)
- Status of Implementation of Corrective Actions
- External Audit Interim Report (May 2025)

### **Risk Management**

The Committee has continued its focus on the oversight of risk management during the period and in doing so has received regular updates from management and papers on specific risk 'deep dive' topics. An insurance update was provided at the February 2025 meeting.

### **Compliance Management & Internal Control Environment**

Informing areas of focus by the Committee are reports and publications from other jurisdictions and external bodies such as VAGO, Ombudsman Victoria, the Local Government Inspectorate, Independent Commission Against Corruption (ICAC), Independent Broad-based Anti-Corruption Commission (IBAC) and the Institute of Internal Auditors.

The Committee received updates from the Shire's Chief Executive Officer during the reporting period on any significant non-compliance matters relating to Council policies or legislation. Compliance update reports have also been received on:

- Regular Compliance Management Updates.
- Review of Council's fraud prevention policy and controls including fraud control plan and fraud awareness programs.
- Aster Advisory Recent Issues papers.
- Review Strategic Risk Register biannually and any operational risks that are Extreme or High.
- Pool and Spa Compliance Updates.
- Review Council's treatment plans for significant risks biannually.
- Future workplace updates.
- 2024 Audit and Risk Committee (ARC) Assessment of Performance
- Review of the ARC 2025 Workplan.

### **Financial and Performance Reporting**

The Committee received and considered:

- Finance reports leveraging information that is also reviewed by the Executive. Quarterly reports are available on the Shire's website.
- Local Government Performance Reporting Framework updates.

## **Acknowledgements**

The Committee benefits from the combined knowledge of Councillor and independent members in many areas including governance, risk, financial management and financial reporting. As Chairperson, I would like to acknowledge the contribution of all members who perform their responsibilities with diligence and professionalism. I also acknowledge the contribution of our audit representatives from VAGO, RSD Audit and Aster Advisory.

I would like to record my appreciation of the work undertaken by Shire officers in supporting the Committee, particularly regular attendees and presenters at Committee meetings.

This report has been reviewed and approved by the Committee.

### **Lisa Tripodi**

Audit and Risk Committee Chairperson

### **Options for consideration**

Not applicable.

### **ENGAGEMENT**

Not applicable.

### **COMMUNICATIONS PLAN**

Not applicable.

### **LEGAL AND REGULATORY FRAMEWORK**

The Audit and Risk Committee Charter 2024 (the Charter) established the Audit and Risk Committee (Committee) under the *Local Government Act 2020*. Under this Charter, the Chairperson of the Committee is to formally report on the operations of the Committee to the Council on a biannual basis.

### **CLIMATE AND SUSTAINABILITY CONSIDERATIONS**

Not applicable.

### **FINANCIAL CONSIDERATIONS**

Not applicable.

### **OFFICER DIRECT OR INDIRECT INTEREST**

No person involved in the preparation of this report has a direct or indirect interest requiring disclosure.