City of Prospect
Audit & Risk Committee
Annual Report 2024/2025

CITY OF PROSPECT

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1. Background

The Audit & Risk Committee (the Committee) is required by Section 126(8)(b) of the *Local Government Act 1999* (the Act) to provide Council with an Annual Report on the work of the Committee during the past 12 months. The purpose of the Annual Report is to assure Council that the Committee is operating effectively, fulfilling its responsibilities and making appropriate recommendations to Council.

This Report provides details of the key activities undertaken by the Committee during the 2024/25 year and provides the outcomes of the 2024/25 Self-Assessment and Skill Matrix, completed by Members.

2. Terms of Reference

As part of the Local Government Reform process, extensive changes were made to Section 126 of the Act, expanding the role and function of a Council's Audit & Risk Committee. These changes commenced on 30 November 2023.

The ToR for City of Prospect's Audit & Risk Committee were reviewed in April 2024 to reflect the amendments made to the Act to ensure continued compliance with legislative requirements.

The next review of the ToR is scheduled for 2028, unless required sooner by legislative change or at the direction of Council or the Audit & Risk Committee.

The Committee's current Terms of Reference are available on Council's website.

3. Attendance at Committee Meetings during the year ended 30 June 2025.

Committee Member	Term	Total meetings	Meetings attended
Mayor Matt Larwood	28 November 2022 – 28 November 2026	4	3
Cr Jason Nelson	28 November 2023 – 28 November 2024	2	1
Cr Alison De Backer	26 November 2024 – 26 November 2025	2	1
Corinne Garrett	31 March 2016 – 31 March 2025	3	3
Peter Scargill	31 March 2023 – 31 March 2026	4	4
Peter Fairlie-Jones	1 April 2024 - 31 March 2027	4	4
Emma Cavaggion	25 March 2025 – 31 March 2028	1	1

Elected Member Representation
At the expiry of Cr Jason Nelson's term in November 2024, Council appointed Cr Alison De Backer to the Committee at its meeting of 26 November 2024.

Independent Member Representation
The term of appointment for Independent Member Ms Corinne Garrett concluded in March 2025.

Following an Expression of Interest and interview process, Council, at its meeting of 25 March 2025, appointed Ms Emma Cavaggion as an Independent Member for a three-year term, concluding on 31 March 2028.

Presiding Member

At its meeting of 15 April 2024, the Committee appointed Ms Corinne Garrett as Presiding Member, with an expiry date of 31 March 2025.

Mr Peter Scargill was appointed to the position of Presiding Member, for one year term, concluding on 31 March 2026, at the Committee meeting held on 22 April 2025.

4. Education, Training & Professional Development

No formal, Council-provided training was undertaken by Independent Members during the year.

Council Member representatives on the Committee completed the following training units, as part of the Council Member Mandatory Training Program:

- Effective Working Relationships
- Legal Responsibilities
- Effective Council Meetings and Procedures
- Financial Responsibilities

5. Risk/WHS & Audit Work Plan

Audit & Risk Committee receives reports on the status of the Risk/WHS and Audit Work Plan at each ordinary meeting of the Committee, in line with legislative reporting requirements.

6. Recommendations to Council

During its meetings, the Audit & Risk Committee makes resolutions concerning a variety of matters. There are times when the Committee considers an item and determines that it wishes to make a formal recommendation to Council regarding the matter.

The table below provides a summary of the number of recommendations the Committee has made to Council, in relation to the number of items considered at each meeting during the 2024/25 year.

Meeting	Number of Items Considered	Number of Recommendations to Council
16 August 2024	6	0
4 November 2024	5	2
11 February 2025	5	0
22 April 2025	8	3

7. Self-Assessment Evaluation by Audit & Risk Committee

The Audit & Risk Committee completes an annual Self-Assessment to reflect on its performance and confirm that it is fulfilling its responsibilities under the *Local Government Act 1999*.

This survey was distributed to all Committee Members in June 2025. The Self-Assessment presented Members with a series of statements regarding the performance of the ARC, enabling them to rate and make comment on each of the performance areas.

1. Committee Members & Meetings

   The Committee is effectively fulfilling its responsibilities through sufficient understanding of the Council's business, a diverse skill mix, ongoing training, regular attendance, frequent meetings, clear agendas and papers, open discussions, and well-maintained minutes.

   Summary of commentary received:
   - The committee has a good balance of skills and effectively undertakes its responsibilities.
   - Meetings are managed well and allow proper time for consideration of reports and framing recommendations.

2. Committee Planning & Reporting

   The Committee set achievable priorities, made appropriate progress, monitored and implemented actions on time, reported to the Council regularly, provided an annual report, and reviewed its Terms of Reference.

   Summary of commentary received:
   - Nil

3. External Audit

   The Committee ensured compliance of annual financial reports with legislation and standards, reviewed audit findings and management responses, considered contentious financial matters, verified consistency in financial reporting, and held a confidential meeting with the external auditor.

   Summary of commentary received:
   - Not sure the committee has a process to formally check the Annual Report is consistent with the signed Financial Statements.

4. Internal Audit

   The Committee reviewed and approved the internal audit plan, deemed resources adequate, monitored the implementation of recommendations, and found the audit reports to be well-structured, constructive, realistic, and evidence-based.

   Summary of commentary received:
   - The Council does well on the internal audit front given the limits on resources (both funding and staff resources to manage the audit program).
   - Results of the internal audit work have been mixed in terms of their value to Council. Council is considering a different approach to internal audit that should produce better value for money.

5. Risk Management, Internal Control, Financial Management, Strategic Planning and Reporting

   The Committee reviews and understands the effectiveness of the Council's Strategic Community Plan, Risk Management Framework, financial reporting requirements, compliance with laws and regulations, internal controls, and the CEO's annual report on internal control practices.

   Summary of commentary received:
   - The committee does not review the effectiveness and delivery of Council's Strategic Community Plan.
   - Do not believe a report prepared by the CEO in relation to policies and processes adopted to evaluate and improve the effectiveness of internal control practices/procedures is relevant when Council has an Internal Audit Program in place.

6. Other Matters

   The Committee reviewed and commented on Prudential Management reports, proposed and reviewed the exercise of powers under section 130A of the Local Government Act 1999, and provided feedback on relevant policies, as applicable.

   Summary of commentary received:
   - A Section 130A review has not been required during this period.

8. Skills Matrix Assessment

The Skills Matrix Assessment is completed by Members of the Audit & Risk Committee on an annual basis to identify and skills gaps that may need to be addressed through training or for consideration in future appointment of Independent Members. Members rated their skills in each area on a scale of 1 (no experience) to 5 (advanced experience).

Results of the Skills Matrix Assessment are presented below:

Skills Matrix – Results Assessment	
Skills	**Average**
Financial Management	5.75
Risk Management	4.75
Governance	5.5
Local Government	5.75

Reports Presented to Audit & Risk Committee During 2024/25

Meeting Date	Financial Reporting	Management Plans and Business Plans	Internal Controls & Risk Management	Internal and External Audit	Other
16 August 2024	9.5 Investment and Borrowing Report		9.1 Quarterly Procurement Dispensation 9.4 Strategic Risk/WHS & Audit Report	9.2 Interim Audit Visit 2023/2024 9.3 Internal Audit Plan – Progress & Road Map	8.1 Audit & Risk Committee Annual Report and Self-Assessment 2023/24
4 November 2024	8.2 Draft Annual Financial Statements for the Year Ended 30 June 2024 8.3 Periodic Review of Key Financial Indicators 8.4 First Budget Review 2024-2025		9.2 Prospect Lifestyle Precinct Update		8.1 Audit & Risk Committee 2025 Meeting Dates and Membership
11 February 2025	8.2 Long Term Financial Plan Principles 8.3 Second Budget Review 2024-2025		8.1 Procurement Policy Review 9.1 Strategic Risk & Internal Audit Planning 9.2 Procurement Dispensation		
22 April 2025	8.3 Third Budget Review	8.4 Draft Annual Business Plan, budget and Long-Term Financial Plan	8.2 Kumangka at Broadview Facility Annual Update 9.1 Procurement Exemption 9.2 Strategic Risk & Internal Audit Planning 10.1 Prospect Lifestyle Precinct Project Update		8.1 Appointment of Audit & Risk Committee Presiding Member