

AUDIT AND RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 14 June 2022

Function Room (Civic Centre) and online meeting via ZOOM

Audit and Risk Committee	
Andrew Dix	Independent Chair
Katie Baldwin	Independent Member
John Watson	Independent Member
Cr Geoff Lake	Audit and Risk Committee Member (left meeting at 9:55am)
Cr Tina Samardzija	Audit and Risk Committee Member

Other Attendees	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Kate Heissenbuttel	Manager Corporate Performance
Deb Cailles	Director Infrastructure & Environment
Leanne Wiebenga	Executive Manager People and Safety (left meeting after item 2.4)
Yanthi Nilam	Manager Finance
Rob Pedder	Manager Governance and Legal
Paul Grobler	Manager Business Technology
Richard Page	Manager Strategic Asset Management
Fiona Fernandes	Coordinator Business Assurance
Martin Thompson	Senior Partner - Audit and Assurance Crowe
Michael Gummery	Partner – HLB Mann Judd – External Auditor (left meeting after item 4.1)
Tania Yeung	Manager - HLB Mann Judd – External Auditor (left meeting after item 4.1)

1.1 Apologies

Mark Peters – HLB Mann Judd
 Lee Kibeiks, Safety and Wellbeing Lead
 Sharon Tzimokas, Coordinator Risk Management and Insurance
 Jarrod Doake, Chief Operating Officer
 Jason Farrugia, Manager Strategic Procurement
 Cynthia Iafano - Crowe

1.2 Disclosure of any Conflict of Interest

None disclosed.

1.3 Confirmation of minutes as circulated – 1 March 2022

Recommendation:

The minutes of the Audit and Risk Committee meeting of 1 March 2022 be accepted.

Moved: John Watson / Katie Baldwin. Carried

1.4 Matters Arising

It was noted that all current open actions are either to be completed in the current meeting or are scheduled for completion at future meetings.

Recommendation:

The Committee notes the report.

1.5 CEO Briefing

CEO, Andi Diamond, presented an update to the Committee on several matters including an update on Covid, legacy landfills and EBA negotiations.

Recommendation:

The Committee noted the Briefing.

2 Risk Management / Ethical Behaviour

2.1 Risk Update (Danny Wain/Kate Heissenbuttel)

Management (Chief Financial Officer) briefed the Committee on the work done with the Risk Management Committee in the last quarter as well as impact of the 2022-23 budget initiatives on strategic risks.

Recommendation:

The Committee noted the update.

2.2 Strategic Risk Report (Danny Wain/Kate Heissenbuttel)

The Strategic Risk Report for the 4th Quarter of 2021/22 was provided to the Committee. Discussion took place on the issue of material operational risks. The Committee suggested that management consider adopting the concept of materiality as the definition of the main risks to be considered by the management risk Committee and presented to ARC and Council, rather than just those deemed "Strategic".

Action: 1. The Committee provided feedback on the Strategic Risk Report and suggested that the impact of Cyber Risk, BCP and DRP should be reflected in the risk profile for Strategic Risk #4, as well as the impact of severe weather events on council's drainage systems should be reflected in Strategic Risk #7. [\[Sharon Tzimokas/SR owners\]](#)

2. It was also mentioned later in the meeting that supply chain risks, particularly as it relates to delivery of the capital plan in terms of both timeliness and cost, be reconsidered. [\[Sharon Tzimokas/SR owners\]](#)

Recommendation:

The Committee noted the report.

2.3 Cyber Risk update (Paul Grobler)

Management (Manager Business Technology) provided an update on the Essential 8 assessment of Council's Cyber Risk profile.

Action: The Committee requested that a cyber risk update be presented to the committee twice a year going forward [\[Jarrod Doake/Paul Grobler\]](#)

Recommendation:

The Committee noted the update.

2.4 People and Safety Dashboard Report (Leanne Wiebenga)

Management (Executive Manager People and Safety) briefed the Committee on July to December 2021 period of the People and Safety Dashboard Report.

Recommendation:

The Committee noted the report.

3 External Audit / External Reporting

3.1 HLB Mann Judd Interim Management letter and management update on external audit process

HLB Mann Judd presented to the Committee a summary of audit findings from the interim phase of their audit and an assessment on the significance of the findings. There are some open items for which management have provided all the required information to HLB Mann Judd.

HLB Mann Judd are in the process of evaluating the information and will provide an update on these open items in the Final Management letter to be presented at the September Audit and Risk Committee meeting.

The Committee asked that management liaise with the external auditors and review the management comments to ensure that we accurately reflect an agreed assessment of the risk and our proposed actions in response and close out any old actions prior to the final letter being issued at the next meeting.

Management (Manager Finance) provided an update to Committee members on Council's year end audit process.

Action: The Committee requested the following items be circulated back to the committee at a future meeting **[Jarrod Doake/Paul Grobler]:**

- Following the drafting of a Charter for the ICT Steering Committee, the charter be circulated to this committee for feedback, and
- Provide an update to the Committee on the Council's Digital Transformation project at the September 2022 meeting.

Recommendation:

The Committee notes the report and notes that Findings 2022.2, 2022.3 and 2022.4 will be subject to further revision by management on what can and can't be achieved which will be included as part of the Final Management letter.

Moved: John Watson / Katie Baldwin. Carried

4 Internal Audit

4.1 Internal Audit Plan for 2022/2023

Following earlier discussions with Management and the Audit Committee, the Internal Auditors presented to the Committee the finalised Internal Audit Plan for the next 12

months. Following the June Committee meeting this plan will be taken to the next Council meeting for approval

Recommendation:

The Committee endorses the 2022/23 plan and recommends that Council approve it at the next Council meeting.

Moved: Cr Tina Samardzija / Katie Baldwin. Carried

4.2 Status of Delivery of the 2021/2022 Internal Audit Plan (Crowe)

Crowe provided the Committee with the status update on the current Internal Audit Activity in accordance with the 2021/22 Plan and included Curious Eyes publication which contained management comments on relevant publications. The status report also included results from the post-review surveys of the four audits presented for the June meeting.

Action: The Committee requested that in addition to the survey results being summarised in the Status report, all future final reports should include a summary of the audit survey as well as a final comment from the executive audit sponsor on their overall position following the finalisation of the audit. [Crowe]

4.3 Summary of Overdue Recommendations (Fiona Fernandes)

The report highlighted that since the last meeting the total number of open actions items have increased by 18 to 47 (previously 29 items). This included 26 new actions added from four recent audits offset by the closure of eight previous actions.

4.4 Strategic Asset Management Review (Crowe)

In April 2022, a review was undertaken to review the adequacy of:

1. Identification and establishment of the organisation's Strategic Asset Management Principles;
2. Asset risk management;
3. Adequacy of asset management planning undertaken;
4. Asset data management processes, including recognition of new assets, frequency/ of asset condition assessments, asset inspections, data collection and capture and retirement of assets;
5. Management reporting regarding, asset performance and assets plans to senior management and Council to support strategic decision making.

The review found the current controls in place over strategic asset management practices could be strengthened and recommended actions for 1 High, 2 Medium and 1 Low risk rated findings. The details of the findings are in the tabled report.

4.5 Various Financial Controls Review (Crowe)

In April 2022, a review was undertaken of various financial functions (Assets and Procurement), to assess whether the controls and procedures are operating satisfactorily.

The review found the current controls in place over the relevant financial functions on assets and procurement maintained by Council are generally adequate, identified a range of controls that could be improved and recommended actions for 1 Medium and 3 Low risk rated findings. The details of the findings are in the tabled report.

4.6 Privacy and Data Protection Review (Crowe)

In April 2022, a review was undertaken of privacy and data protection practices, to assess whether the controls and procedures are operating satisfactorily. The internal audit assessed the practices and controls in place to manage compliance with the Information Privacy Principles (IPP) outlined in Schedule 1 of the Privacy and Data Protection Act 2014.

The review found the current controls in place over privacy and data protection maintained by Council needs to be strengthened. The internal audit identified a range of controls that could be improved to reduce the identified weaknesses and exposures. The report identified 10 Medium and 2 Low rated findings. The details of the findings and actions to be taken are in the tabled report.

Action: the Committee requested that an updated version of the Privacy and Data Protection report be brought back to the next meeting following further discussions with Crowe and management on findings and review of timelines. [Crowe/Jarrold Doake/Rob Pedder]

4.7 Risk Management Review (Crowe)

In April 2022, a review was undertaken to determine the effectiveness of the design, implementation, and operation of controls by assessing the adequacy of the Risk Management Framework (RMF) (policy, procedures, guidelines reporting structures and templates) and overall governance structure and its alignment to contemporary best practice. The risk processes were assessed for consistency with the requirements under AS/NZS 31000:2018, Risk management – principles and guidelines.

The review found the current controls in place over the relevant risk management framework maintained by Council are generally adequate. The internal audit identified some areas that could be improved to strengthen the Risk Management Framework. The report identified 2 Medium and 4 Low rated findings. The details of the findings and actions to be taken are in the tabled report.

Action: Crowe to provide a comment on their assessment of the governance structure of the Risk Management Committee following on from the above audit. This is to be included as part of the September meeting Risk update [Crowe/Sharon Tzimokas]

Recommendation:

The Committee noted the Audit reports tabled and the management actions outlined in the reports at agenda items 4.4, 4.5 and 4.7. The Committee also notes that the Privacy and Data protection report (agenda item 4.6) will be subject to further review

by management and Crowe and will be returned to the September committee meeting for discussion.

Moved: John Watson / Katie Baldwin. Carried

5 Internal Control Environment

5.1 BCP Testing Report (Danny Wain)

Management (Chief Financial Officer) provided an update to committee members on the recent BCP testing exercise, results of the test and the actions to be taken to close out actions arising from the exercise.

6 Executive Briefings

6.1 Presentation by Senior Officers (Danny Wain)

A presentation on Strategic Risk “Ability to fund future community needs” was given to the Committee by the owner of this Strategic Risk- Danny Wain, Chief Financial Officer.

7 Governance

7.1 Bi-annual report to CEO on activities of Committee

The Chair presented a report that comprises the six-monthly update on the Committee’s activities, organised by the Committee’s functions. This report was tabled to members for noting and will be forwarded to the CEO and Council and the next Council meeting.

Recommendation:

The Committee notes the report and forwards it to the Chief Executive Officer to table at the July 2022 Council meeting.

Moved: John Watson / Cr Tina Samardzija. Carried

7.2 Identification of any “Confidential” items discussed during the meeting

None identified.

8 Meeting Schedule

The Following meeting dates were confirmed by members:

- 8 September 2022, 8.00 - 10.30 am
- 25 November 2022, 8.00 - 10.30 am
- 7 March 2023, 8.00 - 10.30 am
- 13 June 2023, 8.00 - 10.30 am

Items for noting

- ARC Annual Work Plan [Opening of Meeting / Procedural]
- Quarterly Finance Report [Financial & External Reporting]

- Review of key items- Asset Accounting Policy & Asset Disposal Policy [Internal Control Environment]]
- Risk Management Committee minutes – April & June meetings

Recommendation:

The Committee noted the above reports.

9 Meeting Closed at 10: 20 AM

CONFIRMED:

ANDREW DIX

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team