

AUDIT AND RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 8 September 2022

Function room (Civic Centre) and via Zoom

Audit and Risk Committee	
Andrew Dix	Independent Chair
Katie Baldwin	Independent Member
John Watson	Independent Member
Councillor Geoff Lake via ZOOM	Audit and Risk Committee Member
Councillor Tina Samardzija	Audit and Risk Committee Member

Other Attendees	
Peter Panagakos	Acting Chief Executive Officer
Danny Wain	Chief Financial Officer
Jarrold Doake	Director Infrastructure and Environment
Russell Hopkins via ZOOM	Director Community Services
Kate Heissenbuttel	Manager Corporate Performance
Yanthi Nilam	Manager Finance
Adil Khan	Lead Transformation and Innovation
Paul Grobler	Manager Business Technology
Fiona Fernandes	Coordinator Business Assurance
Hirosha De Costa	Coordinator Financial Accounting
Maria Isabella	Coordinator Corporate Performance and Reporting
Martin Thompson via ZOOM	Senior Partner - Audit and Assurance Crowe
Andrew Zavitsanos	Partner - Risk Consulting Crowe
Mark Peters via ZOOM	Partner – HLB Mann Judd – External Auditor
Tania Yeung via ZOOM	Manager - HLB Mann Judd – External Auditor

At the commencement of the meeting the HLB Mann Judd met with Audit and Risk Committee members in camera with the absence of management and other attendees.

1 Opening of meeting /procedural

1.1 Apologies

Andi Diamond – Chief Executive Officer
 Fee Harrison - Manager Community Strengthening
 Cynthia Iafano - Senior Manager - Audit Crowe

1.2 Disclosure of any conflict of interest

Andrew Dix informed the committee that he has recently been appointed as a member on the board of the Public Transport Ombudsman.

1.3 Confirmation of minutes as circulated, meeting of 14 June 2022

Audit and Risk Committee resolution:

The minutes of the Audit and Risk Committee meeting of 14 June 2022 be accepted.

Moved: John Watson / Cr Samardzija. 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.

Audit and Risk Committee resolution:

The Committee noted the report.

1.5 CEO briefing

Acting CEO, Peter Panagakos, presented an update to the Committee on several matters including an update on Covid, legacy landfills, SRL community consultation, EES /Ministerial advice, Council position on school crossings, and management changes.

Audit and Risk Committee resolution:

The Committee noted the briefing.

2 Financial and external reporting

2.1 2021/22 Annual Financial Statements

Manager Finance, Yanthi Nilam, presented the 2021/22 draft Annual Financial Report presented to the Committee along with explanatory notes as supplementary guidance to Council's 2021/22 Financial Statements providing an insight to:

- the purpose of each element of financial report;
- any material issues that have affected the financial performance of Council; and
- the draft Council report "2021/22 Financial Statement and Performance Statements".

The Committee congratulated management and external auditors on the standard of the financial accounts and the preparation that had gone into producing them on such a timely basis. The committee also commended the finance team on implementing the new finance system during the time at which the year end accounts were being prepared and audited.

Actions: The following changes/edits were suggested by committee members for management to incorporate into the financial statements [[Yanthi Nilam / Hirosha De Costa](#)]:

- Replace Cr Lake with the Mayor as the signatory for the Annual Financial Statement and the Performance Statement;
- Review wording and correct minor grammatical errors in the indicator commentary; and
- In note 3.1 - clarify in the date of revaluation used was related to the date in the financial year relating to the accounts as opposed to the latest date of revaluation.

2.2 Annual Performance Statement

Maria Isabella, Coordinator Corporate Performance and Reporting presented the Committee with the draft 2021/22 Performance Statement and highlighted items where COVID 19 is thought to have considerably impacted the results.

Audit and Risk Committee resolution

The Committee:

1. Reviewed and endorsed the draft 2021/22 Financial Report and draft 2021/22 Performance Statement (the Statements), subject to resolution of any outstanding audit issues and minor amendments including;

- a. Any non-material changes requested by HLB Mann Judd;
 - b. Material changes requested by HLB Mann Judd after consulting the Audit and Risk Committee Chair and reporting these to the Council; and
2. Recommends to Council, at its meeting on 27 September 2022, adopts the Statements “in principle” and forwards the Statements to the Auditor-General for certification.

Moved: John Watson / Katie Baldwin. Carried

2.3 LGPRF 2021/22 results

Maria Isabella, Coordinator Corporate Performance and Reporting, presented the Committee with the 2021/22 LGPRF results.

Action:

- Councillor Lake suggested that consideration to adding more context in the commentary, for example our results in comparison to Metro Average or the desired target. [\[Kate Heissenbuttel/Maria Isabella\]](#)
- Management to include this pack in documents for ARC to review and endorse as part of the Financial and external process in 2022/23 and future years. [\[Kate Heissenbuttel/Maria Isabella\]](#)

Audit and Risk Committee resolution:

The Committee noted the 2021/22 LGPRF results and further noted the results will be reported by management to Council for its consideration.

2.4 Review draft “Report on Audit and Risk Committee” statement for Annual Report (Fiona Fernandes)

Fiona Fernandes, Coordinator Business Assurance, presented the draft Audit and Risk Committee report for inclusion in Council’s 2021/22 Annual Report. The report outlined the membership structure, performance and key activities for the year.

Action: John Watson recommended that the wording in the Annual Report (Key Activities section) be updated to highlight that the Chairperson on behalf of the Committee provides reports to the CEO. [\[Kate Heissenbuttel / Fiona Fernandes\]](#).

Audit and Risk Committee resolution:

The Committee endorsed the report following some minor wording changes provided.

Moved: John Watson / Katie Baldwin. Carried

3 External Audit

3.1 External Audit Closing Report on audit for 2021/22

Mark Peters, Partner at HLB Mann Judd, advised that they were satisfied with Council’s Financial Report and Performance Statement.

HLB Mann Judd advised that all outstanding matters are being dealt with satisfactorily and, subject to final quality checks, they will be recommending the Auditor-General issue a clear audit opinion.

3.2 Final Management Letter for 2021/22

Mark Peters, Partner at HLB Mann Judd, advised the Committee that all open audit findings were low rated and on track to being resolved. Some of these will be closed by HLB Mann Judd, where possible, before issuing the final report.

4 Risk management / ethical behaviour

4.1 Risk update

Kate Heissenbuttel, Manager Corporate Performance, briefed the Committee on the current quarter's Strategic Risk report.

Action: The committee requested that management provide an update on risk appetite work undertaken at the next meeting. [\[Kate Heissenbuttel\]](#)

Audit and Risk Committee resolution:

The Committee noted the report.

4.2 Risk Management Framework review

Kate Heissenbuttel, Manager Corporate Performance, briefed the Committee the committee of changes to the Enterprise Risk and Opportunity Management Policy, Enterprise Risk and Opportunity Management Framework, and Enterprise Risk and Opportunity Management Procedure.

Audit and Risk Committee resolution:

The Committee noted the report.

5 Internal audit

5.1 Delivery of the 2022/2023 Internal Audit Plan

Martin Thomson, Senior Partner, and Andrew Zavitsanos, Partner, at Crowe provided the Committee with the status update on the current Internal Audit Activity in accordance with the 2022/23 Plan. Crowe identified that the Plan was on track.

5.2 Summary of open recommendations

Fiona Fernandes, Coordinator Business Assurance presented the report, highlighting that since the last meeting the total number of open actions items have decreased by 10 to 37 (previously 47 items).

5.3 Privacy and Data Protection Review (Crowe)

Martin Thomson, Senior Partner at Crowe provided an update on this internal audit, following discussion at the last Audit and Risk Committee meeting.

Action: Management to consider conducting a follow-up review in early 2023 on actions completed from the Privacy and Data Protection review and provide an update to the committee in 2023. [Jarrod Doake/Crowe]

Audit and Risk Committee resolution:

The Committee:

1. Noted the report tabled and the management actions outlined in the report; and
2. Recommends management conduct a follow up review of the Privacy and Data Protection review in early 2023 and provide an update to the Committee accordingly.

6 Internal control environment

6.1 Digital Transformation project update

Jarrod Doake, Director Infrastructure and Environment and Adil Khan, Lead Transformation and Innovation, provided the Committee an update on Council's Digital Transformation project which is a four-year group of Transformation projects (2020-2024).

The ARC noted that the IT Steering Committee and Charter are still to be set up.

Action: The Committee requested that internal audit review the future system implementation timeline and incorporate reviews as required into the forward work program. Advise ARC of any proposed changes. [Crowe]

Audit and Risk Committee resolution:

The Committee noted the report, and recommends that management consider an internal audit of the forward plan of works to review effectiveness of controls either as part of current audits listed for 2022/23 or for future audits.

7 Integrity body reports

7.1 VAGO report - Fraud Control Over Local Government Grants

Russell Hopkins, Director Community Services, presented the results of a self assessment of Council's grant programs following the VAGO report released about Fraud Control Over Local Government Grants.

The committee commended officers on the work done on the grant program over the years to improve transparency. The committee also suggested that officers should think about the processes by which any changes made to grant allocations by councillors against officer recommendations are measured/clarified with reference to eligibility criteria.

Audit and Risk Committee resolution:

The Committee noted the report and findings.

8 Governance

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

None identified.

8.2 Documents for noting

Audit and Risk Committee resolution:

The Committee noted the following documents supplied as part of the meeting information:

- ARC Annual Work Plan [Opening of Meeting / Procedural]
- Approval of Review Scopes [Internal Audit]
- Fraud and Corruption Prevention Steering committee July minutes and Risk Management Committee August minutes [Internal Control Environment]
- Performance report from Aged Care Quality and Safety Commission [Internal Control Environment]
- Link to Adopted Budget [Financial and External Reporting]

Action: Crowe to attend future RMC and F&CP Steering Committee meetings to review operation and advise on any changes required to improve their effectiveness. [\[Kate Heissenbuttel/Crowe\]](#)

9 Other business

9.1 ARC meetings

Audit and Risk Committee resolution:

Based on discussion item raised regarding the ARC minutes, with the Committee supporting:

- The recommendation to provide clarity to the ARC resolutions /decision to future committee meeting minutes; and
- To recommend that Councillors have access to full ARC meeting materials (via Diligent Boards).

10 Meeting schedule

10.1 Confirmed meeting schedule for 2022/23

The following meeting dates were confirmed by members:

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

10.2 Meeting closed at 10:26 AM

CONFIRMED:

ANDREW DIX

Chair

Date: ____ / ____ / ____

Distribution list:

1. Audit and Risk Committee
2. Meeting attendees
3. Executive Leadership Team