



AUDIT AND RISK COMMITTEE

13 JUNE 2024

MEETING MINUTES

AUDIT AND RISK COMMITTEE MINUTES

08:00 – 10.30 AM THURSDAY 13 JUNE 2024

FUNCTION ROOM (CIVIC CENTRE) AND VIA ZOOM

Audit and Risk Committee	
Andrew Dix	Independent Chair
Binda Gokhale	Independent Member
John Watson	Independent Member
Cnr Geoff Lake	Audit and Risk Committee Member (online)
Cnr Tina Samardzija	Audit and Risk Committee Member

Attendees	
Andi Diamond	Chief Executive Officer
Simone Wickes	Director Corporate Services
Russell Hopkins	Director Community Services (online) Left after item 4.5
Adil Kahn	Chief Information Officer- left after item 4.6
Kate Heissenbuttel	Manager Corporate Performance
Paul Ridgway	Acting Director City Services (online) Left after item 4.3
Jason Farrugia	Manager Strategic Procurement (online) left at 9.44
Yanthi Nilam	Manager Finance
Sharon Bahn	Manager Children Youth and Family Services (online) Left after item 4.5
Lynda Cooper	Manager- Risk Consulting Crowe (online) after item 4.6
Tania Yeung	External Auditor- HLB MANN Judd (online) Left after Item 2.1
Beth McIntosh	Safety Lead- Left after item 3.3
Rachel Berhang	Acting Executive Manager People and Safety
Philip Mason	Coordinator Management Accounting- Arrived at end of item 3.1 and left after item 4.6
Hirosha De Costa	Coordinator Financial Accounting- left after item 4.6

Rebecca Freebody	Coordinator Business Assurance and Risk Management
Richard Wilson	Client Director - Pitcher Partners - arrived after item 6.1 and left after item 6.2
Zachary Sapoznikoff	Manager- Pitcher Partners - arrived after item 6.1 and left after item 6.2

1 Opening of Meeting/Procedural

1.1 Apologies

- Cnr Tina Samardzija - Audit and Risk Committee Member
- Tracy Shoshan - Executive Manager People and Safety
- Andrew Zavitsanos - Partner- Risk Consulting Crowe

1.2 Disclosure of Conflicts of Interest

Andrew Dix declared he resigned from NBN Co
 John Watson declared he has ceased being Chair of Victorian Local Government Grants Commission
 No other disclosures raised.

1.3 Confirmation of Minutes - (14 March 2024)

Audit and Risk Committee Resolution

The minutes of the Audit and Risk Committee meeting of 14 March 2024 be accepted.

Moved: John Watson / Binda Gokhale. Carried

[Action]: The Committee requested that the comments made by ARC members retrospectively be added to the minutes.

The Committee agreed to the following processes for confirmation of minutes in the future;
1. Management and Chair review/update Version 1, this is then circulated to all members for comment

2. Management and Chair review comments and prepare a Final version for circulation/approval

3. Approved minutes/actions forwarded to Council and included in pack for next meeting.

[Officer]: Rebecca Freebody, Coordinator Business Assurance and Risk Management to add the comments requested for circulation. Coordinator Business Assurance and Risk Management to facilitate process change.

1.4 Matters arising

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

Audit and Risk Committee Resolution

The Committee noted the report.

[Action]: The Committee requested that item 3.1 remain open and further updates be provided at September 2024 meeting. Manager Corporate Performance to update the above in the Matters Arising paper for September meeting.

[Officer]: Kate Heissenbuttel Manager Corporate Performance.

1.5 CEO briefing paper

Dr Andi Diamond, provided an update on the following items;

- Legacy Landfill
- Fair Jobs Code
- Mulch update
- Waste changes

Dr Diamond also updated the committee on a new contractual service update relating to animal services.

Audit and Risk Committee Resolution

The Committee noted the report.

2 External Audit

2.1 HLB Judd interim management letter

The Committee noted that it was a clean report and that all prior issues have all been resolved.

Audit and Risk Committee Resolution

The Committee noted the report, in particular noting the requirements in relation to review of asset valuations.

[Action]: The Committee advised that other councils will be adding external audit actions to their workplans. The Committee requested that management provide a paper for the Committee to cover items from the External Auditors to ensure preparation for year end.

[Officer]: Yanthi Nilam Manager Finance to provide a paper to the Committee for the September Audit and Risk Committee meeting.

3 Risk Management/Ethical Behaviour

3.1 Risk update including strategic risk report

The Committee commended the risk reporting process and recommends management consider articulating the impact any proposed strategies/impacts relation to the strategic risks be included in the report.

Audit and Risk Committee Resolution

The Committee noted the report.

[Action]: Risk Management Committee to consider feedback and structural changes to the risk reporting.

[Officer]: Manager Corporate Performance to action.

3.2 Cyber Security update

Chief Information Officer provided a verbal update on the two data breaches that have affected Council recently. A lessons learned paper will be provided to the Committee for review at the September Audit and Risk Committee meeting. Chief Information Officer advised that the process for finding a vendor for the Data Assessment progress for Council has been a trying endeavor. Chief Information Officer advised the Committee that we have reached higher than level 2 in some of the Essential Eight categories.

Audit and Risk Committee Resolution

The Committee noted the report.

[Action]: Director Corporate Services and Chief Information Officer advised that a paper on lessons learned will be brought to the Committee at the September meeting.

[Officer]: Chief Information Officer.

3.3 OHS Dashboard update

Beth McIntosh, Safety Lead provided an update to the Committee on new processes, which will include using Power BI to generate a new automatic dashboard.

Audit and Risk Committee Resolution

The Committee noted the report.

3.4 Asset Accounting Update

Yanthi Nilam, Manager Finance provided an update on the asset revaluation schedule and likely outcomes.

Audit and Risk Committee Resolution

The Committee noted the report.

4 Internal Audit

4.1 Status of delivery of 2023/24 internal audit plan

Lynda Cooper, Manager at Crowe, provided the Committee with a status update on the current internal audit activities in accordance with the 2023/24 Plan. Crowe advised that the four audits being bought before the Committee completes the 23/24 internal audit program for the City of Monash. The Committee provided thanks to Crowe for services rendered to Council.

Audit and Risk Committee Resolution

The Committee noted the report.

4.2 Open audit recommendation status update

Kate Heissenbuttel, Manager Corporate Performance presented the report to the Committee, highlighting that since the last meeting, the total number of open action items has decreased from 37 to 29. This is a result of twenty-three (23) new actions arising from finalised audit reports and 31 items being closed out.

Chair commented that all overdue actions are due to be completed/close to completion by next meeting, which is positive.

Audit and Risk Committee Resolution

The Committee noted the report.

4.3 Payroll (including data analytics) Internal Audit

In January 2024, an internal audit was undertaken to assess the adequacy of various processes and procedures for Payroll at the City of Monash. The audit found that the current controls over the process of Payroll in the City of Monash can be further strengthened with 9 Risks identified (7 Moderate and 2 Low risk rated findings).

The Committee discussed the sponsor comment to the audit. Management discussed difficulties with the data analytics, however these were resolved at the culmination of the audit.

Audit and Risk Committee Resolution

The Committee noted the report.

4.4 GST Compliance Internal Audit

In March 2024, an internal audit was undertaken to assess the adequacy of various processes and procedures for GST Compliance at the City of Monash.

The City of Monash conducted two GST Compliance internal audits, one with Crowe and one with Quality Financial Solutions. The internal audit with Crowe, detailed the adequacy of the council's processes for managing compliance with key GST requirements. The audit with Quality Financial Solutions focused on the GST status based on the GST legislation and tax schedule.

The Crowe audit found that the current controls over the process of GST Compliance in the City of Monash can be further strengthened with 6 Low risk rated findings identified.

Quality Financial Solutions recommended a self-assessment on some fees, where there is a different interpretation of the GST treatment. Council will consider reassessing these fees and charges under Division 81 of the GST Act.

Audit and Risk Committee Resolution

The Committee noted the report.

4.5 Immunisation Management Internal Audit

In March 2024, an internal audit was undertaken to assess the adequacy of various processes and procedures for Immunisation Management at the City of Monash.

The audit found that the current controls over the process of Immunisation Management in the City of Monash can be further strengthened with 4 Low risk rated findings identified.

Audit and Risk Committee Resolution

The Committee noted the report.

4.6 Recruitment and Selection Practices Internal Audit

In February 2024, an internal audit was undertaken to assess the adequacy of various processes and procedures for the Recruitment and Selection Practices at the City of Monash.

The audit found that the current controls over the process of Recruitment and Selection Practices in the City of Monash can be further strengthened with 4 Moderate risk rated findings identified.

The Committee thanked Crowe for their services.

Audit and Risk Committee Resolution

The Committee noted the report.

5 Internal Control Environment

5.1 Enterprise Risk and Opportunity Management Framework Update

Kate Heissenbuttel, Manager Corporate Performance, provided an update to the Committee on the Enterprise Risk and Opportunity Management Framework Update. The update advised that Council adapted our methodology to incorporate more internal and Councillor engagement. An independent consultant worked with management to advance the Risk Appetite Statement and provide a peer review of the Framework and Policy.

The Committee noted the excellent discussion with Councillors and advised that it was a comprehensive review and recommended that a process be established to allow ongoing Councillor engagement.

Audit and Risk Committee Resolution

The Committee noted the report.

[Action]: The Committee recommended adding 'Review of Strategic Risks' in Roles and Responsibilities for Councillors on page 263 of the June Audit and Risk Committee pack.

[Officer]: Rebecca Freebody, Coordinator Business Assurance and Risk Management to action.

6 Other Business

6.1 Six monthly ARC activity report

The Committee noted the six-monthly ARC activity report.

Audit and Risk Committee Resolution

The Committee noted the report.

[Action]: The Committee requested the six-monthly activity report be titled 'Bi- annual report'

[Officer]: Rebecca Freebody, Coordinator Business Assurance and Risk Management to action for any upcoming reports.

6.2 Internal audit tender update

Kate Heissenbuttel, Manager Corporate Performance, provided an update to the Committee on the finalised internal audit tender process. Pitcher Partners were successful in their tender bid to the City of Monash and will commence services with Council on the 1st July 2024.

Richard Wilson and Zachary Saponznikoff from Pitcher Partners joined the meeting and introduced themselves.

Audit and Risk Committee Resolution

The Committee noted the report.

7 Meeting Schedule **

7.1 Confirmed Meeting Schedule for 2023

12th September 2024 and 5th December 2024

[Action]: The Committee requested a movement of the December meeting due to clashes for members.

[Officer]: Rebecca Freebody, Coordinator Business Assurance and Risk Management to action.

8 Meeting Close

The meeting was closed at {time}. 10.14am

Confirmed by Chair (Mr Andrew Dix):

1. MINUTES Risk Management Committee May 2024 [9.1.1 - 2 pages]
2. 2023-24 Financial Management and Capital Works Progress Report - 3 rd Quarter 31 Mar 2024 Fin [9.1.2 - 38 pages]
3. ARC Workplan 2023 24 [9.1.3 - 4 pages]
4. Digital Technology Steering Committee Minutes 28 May 2024 Final [9.1.4 - 4 pages]

9.1 Items for Noting Only

Audit and Risk Committee Resolution

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

2.0 '2023-24 Financial Management and Capital Works Progress Report - 3 rd Quarter 31 Mar 2024 Fin ' was reviewed and areas major cost variances (including over and under) were discussed and noted.