

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:00am Tuesday 19 June, 2018

Meetings Rooms 1&2, Ground Floor, Civic Centre

Audit & Risk Committee	
Geoff Harry	Independent Chair
Bev Excell	Independent Member
Katie Baldwin	Independent Member
Councillor Rebecca Paterson	Councillor Member
Councillor Paul Klisaris	Councillor Member

Other Attendees	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Jarrold Doake	Chief Operating Officer
Ross Goeman	Manager Corporate Performance
Leanne Wiebenga	Executive Manager- People & Culture
Peter Panagakos	Director City Development
Simone Wickes	Manager Financial Services
Paul Grobler	Manager Business Technology
Talana Cook	Coordinator Traffic/ Community Laws
Fiona Fernandes	Coordinator Business Assurance
Jason Farrugia	Manager Strategic Procurement
Sean McNamee	Manager Strategic Planning & Economic Development
Mark Gibson	Manager Property
Sharon Tzimokas	Coordinator Risk Management & Insurance
Jeanette Whitney	Coordinator Payroll & Reporting
Hirosha De Costa	Financial Accountant
Graham Noriskin	Executive Director Pitcher Partners – Internal Auditor
Natalie James	Director Pitcher Partners – Internal Auditor
Kevin Chan	Manager VAGO – External Auditor

1 Opening of Meeting / Procedural

1.1 Apologies

Councillor Josh Fergeus

Greg Talbot

1.2 Disclosure of any Conflict of Interest

The Chair, Geoff Harry informed the committee that he had recently been appointed to the IBAC Audit Committee however he felt there should be no conflict of interest arising from his new role as the IBAC Audit Committee is independent from their investigatory work.

1.3 Confirmation of minutes as circulated – 6 March 2018

Recommendation:

The minutes of the Audit & Risk Committee meeting of 6 March 2018 be accepted.

Moved: Councillor Rebecca Paterson / Bev Excell

Carried.

1.4 Matters arising from previous meetings

It was noted that all 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.

2 Internal Audit

2.1 Internal Audit Status Report (Pitcher Partners)

No report was tabled, however Natalie James from Pitcher Partners informed the committee that all 2018/19 project were completed except for Data Analysis work which will be undertaken in June/July.

2.2 Approval of new Review Scopes

None disclosed

2.3 Project Management Framework Internal Audit Report (Pitcher Partners)

Natalie James from Pitcher Partners highlighted to the Committee that given the recent roll-out of the Project Management Framework, Monash's process maturity was rated as 'developing', having been recently defined and documented, but still reliant on individual knowledge and effort. The recommendations focus on building on this framework, and fit into the themes of creating consistent, efficient and effective practices; and engaging project stakeholders, and further clarifying roles and responsibilities for activities such as planning, delivery and oversight. The CEO also acknowledged the amount of work already done in the PMO area to embed a new way of thinking within the organisation.

Recommendation:

The Committee note the management actions provided to address the auditor's recommendations.

2.4 Continuous Audit - Tendering Internal Audit Report (Pitcher Partners)

Natalie James from Pitcher Partners highlighted to the committee that the Mt Waverley Community and Youth Centre Refurbishment was selected for assessment in this continuous audit against relevant organisational policies and procedures and relevant controls identified during the original 2016 internal audit. Recommendations within the report identified 3 low effort process improvement to tighten control of the

Tendering process. Management have accepted the findings and have committed to completing all three recommendations by the end of the year.

Recommendation:

The Committee note the management actions provided to address the auditor's recommendations.

2.5 Follow up Review (Pitcher Partners)

Pitcher Partners discussed the Follow-up Review report and noted the actions reviewed for closure.

Recommendation:

The Committee notes the report.

2.6 Status of Internal Audit, External Audit & Self-Assessment Actions

The report highlighted that since the last meeting the total number of open action items has increased by 8 to 52 (previously 44 items). Many of the recent actions added relate to long term initiatives to be implemented. There was a strong effort by management to close off actions however there are a few overdue actions due to other priority projects taking precedence, staffing changes and awaiting new system implementations. The majority of the open actions relate to recommendations from the 2017/18 Audit Program.

Recommendation:

The Committee notes the report.

2.7 Review Draft Assurance Map (Ross Goeman)

Ross Goeman presented the draft Assurance Map to the Committee and received a positive reaction and they were complimentary of the first draft. Members felt that the next iteration needed to focus on gaps in control and the other work done across the organisation (eg WorkCover audits, IT reviews, grant acquittals) and commentary on how the organisation was dealing with these gaps.

Action: The Committee requested a revised assurance map be presented to the Dec 2018 meeting in preparation for the development of the new 3 year Strategic Internal Audit Plan. **[Ross Goeman]**

Recommendation:

The Committee notes the report.

2.8 2018/19 detailed Internal Audit Plan (Pitcher Partners)

Following the tabling of the draft 2018/19 Internal Audit Plan at the March meeting, Pitcher Partners presented to the Committee the final Internal Audits for the 2018/19 year.

Recommendation:

The Committee endorses this report for presentation to Council for approval.

Moved: Bev Excell / Katie Baldwin Carried.

3 External Reporting

3.1 Draft Financial Report with streamlined reporting (Simone Wickes)

Simone Wickes presented to the Committee the 2017/18 'shell' Financial Statements which are significantly revised to streamline and simplify disclosures. The Committee was informed that Council has reviewed and incorporated all the necessary disclosures to 2017/18 Shell Financial Statements. In addition, the External Auditors (VAGO) have reviewed and confirmed that disclosures have complied with the accounting standards and are in line with the model financial accounts. The Chair advised that he had some concerns regarding the disclosures pertaining to Fair Value, particularly Note 5 (and some components of Note 7.4). He advised he will provide some practical guidance, for the review of Council officers and VAGO to consider.

Recommendation:

The Committee notes the report.

4 External Audit

4.1 VAGO Interim Management Letter (VAGO- Kevin Chan)

Council's External Audit Manager Mr Kevin Chan from VAGO reported on the Interim Management Letter for the 2017/18 external audit, noting that no issues of significance arose during the Interim Audit. He noted the one moderate risk recommendation in relation to food safety service performance indicator data integrity, which had been agreed by management.

Recommendation:

The Committee notes the letter.

Moved: Katie Baldwin / Cr Paul Klisaris Carried.

5 Risk Management / Ethical Behaviour

5.1 Risk Management Report (Ross Goeman)

Sharon Tzimokas presented the 3rd Qrt 2017-2018 Risk & Opportunity Management report to the Committee. The report provided details of the risk profile review and an update on the Internal Audit Actions was presented. The report also highlighted some of the emerging risks and the planned activities to mitigate these risks. A Committee member commented on taking the reporting of risks to the next level by focusing

management insights as well as the various activities done across the organisation to mitigate both current strategic and emerging risks.

Recommendation:

The Committee notes the Risk Management report provided to the Committee.

6 Other Business

6.1 Audit & Risk Committee Self-Assessment 2017 – actions for improvement (Geoff Harry)

The Chair gave a briefing at the meeting on the outcomes of the recent annual self-assessment survey of the Committee's performance and to consider improvement opportunities for future activities. The opportunities for improvement from the survey included the review of the Charter following the introduction of the new LG Act, not rushing through agendas, more insight into the Risk Management function and improving the development of the Internal Audit plan. The Chair also highlighted that future surveys would benefit if management gave input into how they felt the committee performed. Committee members also mentioned the possibility of a 10 minute catch up for members only before the start of the each Audit Committee meeting.

Action: Commencing from the December 2018 meeting (on a six monthly basis) the Committee would like to consider a 10 minute briefing from an ELT member on current issues faced within their division, including what services they provide, objectives and concerns . **[Ross Goeman]**

Recommendation:

The Committee notes the report.

6.2 Briefing on Cyber Risks faced by Monash (Jarrod Doake/ Paul Grobler)

Jarrod Doake and Paul Grobler provided an update to the Committee on the nature of Cyber risks faced by Monash. The briefing stated the three key areas of Malware/threats council is focused on and the activities in place to mitigate these risks. Jarrod also provided an update of the PageUp cyber-attack issue faced by Council. Cr Paterson raised the point that Councillors may not be as aware of cyber risks as they could be and that they may need some additional training.

Action: The Committee requested that a briefing be presented at the next meeting (Aug 2018) on how the PageUp issue was resolved and lessons learnt. **[Jarrod Doake/Paul Grobler]**

Recommendation:

The Committee notes the report.

6.3 Corporate OH&S Committee Report (Leanne Wiebenga)

Leanne Wiebenga presented the revised Health & Safety Dashboard report to the committee. The report was well received by the committee and highlighted some key lag and lead indicators, continuous improvement opportunities as well the strategic outlook for Health and Safety over the next 5 years.

Action: The Committee requested another dashboard report be presented at the December 2018 meeting. [\[Leanne Wiebenga\]](#)

Recommendation:

The Committee notes the report.

6.4 Briefing on Waste Charge and Rate Cap variation (Danny Wain)

Danny Wain presented on Council's response to the recycling crisis faced by Australian Councils. He informed the Committee about the costs to council over the next 10 years in order to maintain the collection service. He also provided an update on the Council's decision to lodge an application to the Essential Services Commission (ESC) seeking a variation in the rate cap for the 2018/19 rating year to ensure it can meet the recycling charges being introduced and the ESC decision to approve a 2.57% higher rate cap.

Recommendation:

The Committee notes the report.

6.5 Self-Assessment VAGO Report on "LG and Economic Development" (Sean McNamee)

Following the report released by VAGO in March resulting from an audit of local government economic development activities primarily of regional and rural Councils, management prepared and presented a self-assessment on the key findings within the report.

The report focused on regional and rural Councils and State agencies, it included three general recommendations relating to general economic development activities of local councils, including metropolitan councils. Management stated that we complied with all three recommendations however identified the need to undertake ongoing assessments and performance measures for workshops, networking events and training to ensure that services are meeting objectives and business expectations.

Recommendation:

The Committee notes the report.

6.6 Self-Assessment VAGO Report on “Managing Surplus Government Land” (Mark Gibson)

A self-assessment was prepared following the report released by VAGO in March on Managing Surplus Government Land. The report examined whether government agencies are achieving the best value possible from surplus land and does not have specific recommendations for Local Government but rather provides commentary on the need for a long term, strategic approach to managing surplus government land.

Recommendation:

The Committee notes the report.

6.7 Self-Assessment Vic Ombudsman report on “Disability Parking Infringements” (Peter Panagakos)

In response to the investigation by the Victorian Ombudsman’s Office in April 2018 into Maribyrnong City Council’s internal review practices for disability parking infringements, management provided a self-assessment on the findings outlined in the report. The investigation examined the Council’s guidelines for internal review of infringements; how Council staff apply these guidelines; and five case studies of people fined about \$150 for failing to properly display a valid disability parking permit when parked in a disability car park. Management outlined that Council’s current Parking Appeal Guidelines satisfy the recommendation made within the report.

Recommendation:

The Committee notes the report.

6.8 Update on recognition and measurement of Land Under Roads (Simone Wickes)

An update on Councils compliance with the recent LGV Bulletin was given to the committee regarding Recognition and Measurement of LUR which withdraws the compulsory nature of the guidance. Council will only recognise LUR post 1 July 2008 at fair value and this has been confirmed as acceptable by VAGO.

Recommendation:

The Committee notes the update.

7 Reports for distribution only

- 2017/18 Financial Management and Capital Works Progress Report Third Quarter March 2018
- Fraud & Corruption Prevention update
- Update on progress of actions from VAGO Report on Public Participation and Community Engagement
- Briefing on LGPRF and impact on Council and its decision making

The Committee members were complimentary to Ross Goeman on the content within the Continuous Improvement Framework and said any feedback from members would be provided directly to him.

- Self-Assessment VAGO Report on “Fraud and Corruption”
- Self-Assessment Vic Ombudsman report on “Wodonga Council waste overcharge”

8 Correspondence

Nil

9 Next meeting dates

14 August 2018, 8.00 - 10.00 am
4 December 2018, 8.00 - 10.00 am
5 March 2019, 8.00 - 10.00 am
18 June 2019, 8.00 - 10.00 am

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

None identified

12 Meeting Closed at 10:02 AM

CONFIRMED:

GEOFF HARRY

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team