

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 2 March 2021

Online meeting via MS Teams

Audit & Risk Committee	
Andrew Dix	Independent Chair
Katie Baldwin	Independent Member
John Watson	Independent Member
Councillor Geoff Lake	Audit & Risk Committee Member
Councillor Tina Samardzija	Audit & Risk Committee Member
Mayor Cr Brian Little	Audit & Risk Committee Member (Alternate)

Other Attendees	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Ross Goeman	Manager Corporate Performance
Jarrold Doake	Chief Operating Officer
Yanthi Nilam	Manager Finance
Jason Farrugia	Manager Strategic Procurement
Paul Grobler	Manager Business Technology
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk Management & Insurance
Tracy Shoshan	Workplace Relations Lead
Louise Jolly	Workplace Relations Advisor
Rahini Surendran	Coordinator Procurement & Compliance
Martin Thompson	Senior Partner - Audit and Assurance, Crowe
Lynda Cooper	Manager - Risk Consulting, Crowe
Sanchu Chummar	Acting Sector Director, LG and Planning - VAGO – External Auditor
Jung H Yau	Manager Financial Audit - VAGO – External Auditor

1.1 Apologies

Leanne Wiebenga

1.2 Disclosure of any Conflict of Interest

None disclosed

1.3 Confirmation of minutes as circulated – 1 December 2020

Recommendation:

The minutes of the Audit & Risk Committee meeting of 1 December 2020 be accepted.

Moved: Katie Baldwin / John Watson. 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 Council's response to the COVID-19 pandemic, staff return to the workplace, Suburban Rail Loop, expectations around immunisation services & the COVID vaccine, etc.

Recommendation:

The Committee notes the briefing.

2 Risk Management / Ethical Behaviour

2.1 Strategic Risk Report (Sharon Tzimokas & Ross Goeman)

Sharon Tzimokas briefed the Committee on the strategic risks for which new treatment plans were implemented during the last quarter. The committee discussed why all risks appear to be assessed at the same level whereas in practice, there appears to be more variability.

Action: Management to review the "Risk Matrix Map " to ensure the risk categories remain appropriate for overall assessment purposes [Ross Goeman/ Sharon Tzimokas].

Recommendation:

The Committee notes the briefing.

2.2 Other Risk Management Matters (Ross Goeman)

Ross Goeman also provided a briefing to the Committee on Risk Management KPIs drafted to demonstrate how the Framework is being applied across the organisation. The draft KPIs were developed following discussion with Monash's Internal Auditors, Crowe. It is proposed that officers will report annually to Councillors, and the Audit & Risk Committee, on the performance against these indicators. The Committee discussed the need for risk tolerance/appetite discussions to be introduced in the next phases of risk process maturity. When discussing the risk KPI's, the Committee noted they are all Output focused.

Action: Develop "Outcome" focussed KPI's to ensure KPI's reflect that the needs of Council are being well served by the Risk Group [Ross Goeman/ Sharon Tzimokas].

3 External Audit

3.1 VAGO External Audit strategy and plan (VAGO)

VAGO presented to the Committee their planned approach to the audit of the financial report and performance statement for the financial year ending 30 June 2021 and made particular mention of risks relating to "Impact of COVID-19 on financial report" and 'Changes to Those Charged with Governance ('TCWG') due to Local Government Council elections during 2020-21".

Recommendation:

The Committee notes the report.

3.2 Other matters – including Performance Audit Reports

None disclosed

4 Internal Audit

4.1 Status of Delivery of the 2020/21 Annual Strategic Internal Audit Plan (Crowe)

Crowe provided the Committee with the status update on the current Internal Audit Activity in accordance with the 2020/21 Plan.

4.2 Status of Open Recommendations (Fiona Fernandes)

The report highlighted that since the last meeting the total number of open actions items have increased by 2 to 37 (previously 35 items).

4.3 Business Continuity Planning Review (Crowe)

In February 2021, a review was completed of Council's processes to manage and control Business Continuity Planning (BCP). The Internal Audit concluded that the current controls in place to manage business continuity are adequate, however would benefit from further strengthening and identified four controls that should be implemented and/or improved to reduce the identified weaknesses and exposures.

4.4 Various Financial Controls – Purchasing cards, Sundry Debtors and EFT Review (Crowe)

In February 2021, a review was undertaken of various financial controls; purchase and credit cards, sundry debtors, and EFT management to assess whether the controls and processes are operating satisfactorily. The Internal Audit concluded that controls would benefit from further strengthening and identified seven controls that should be implemented and/or improved to reduce the identified weaknesses and exposures. The Committee queried why no second line of defence controls had been identified, or recommended.

Action: Internal Audit to develop a list of second line of defence controls required to provide adequate oversight of these areas. **[Crowe]**.

Recommendation:

The Committee notes the Audit reports tabled and the management actions outlined in the reports.

Moved: Katie Baldwin / John Watson. Carried

5 Internal Control Environment

5.1 Review of key policies - DRP Test (Paul Grobler)

Paul Grobler briefed the Committee on the learnings from the Disaster Recovery testing which occurred in January 2021, including findings and actions.

5.2 Annual reporting of CEO expenses (Danny Wain)

A briefing paper was presented to the Committee with regards to the expenditure related to the CEO (including reimbursements and payments direct to vendors/suppliers) over the 12 month period from January to December 2020.

6 Executive Briefings

The Chief Operating Officer presented to the Committee on the service challenges and emerging risks for the his Division, which comprises of Business Technology, Operations, Information Management, Governance, Legal and Customer Service.

7 Integrity Body Reports

7.1 Self-assessment – IBAC report- Unauthorised access and disclosure of information held by local government

An IBAC report provides an overview of key risks associated with unauthorised access and disclosure of information held by local government. Ten “key findings” were proposed in the report. Management performed a self-assessment to the findings and proposed actions for any gaps identified. The VAGO report included 10 recommendations and management’s assessment included assessment against the 9 Local Government recommendations. The committee recommended that an assessment of the 10th recommendation should still be performed.

7.2 Self-assessment – VAGO report: Sexual Harassment in Local Government

In 2020, VAGO commissioned an audit to examine whether Victorian local councils particularly are providing workplaces that are free from sexual harassment for both employees and Councillors. The subsequent report set out a number of recommendations, most of which pertain to the People and Culture function and some that relate to functions within the Governance, particularly those relating to Councillors. Management conducted a self-assessment which summarised the gap analysis effort and articulates relevant actions for implementation.

8 Governance

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

None identified.

Action: ensure all future agenda items (including verbal updates are accompanied by a briefing paper) [**Fiona Fernandes**].

9 Meeting Schedule

The Following meeting dates were confirmed by members:

22 June 2021, 8.00 - 10.30 am

10 August 2021, 8.00 - 10.30 am

7 December 2021, 8.00 - 10.30 am

10 Meeting Closed at 10:21 AM

Information Only

- ARC Annual Work Plan [Opening of Meeting / Procedural]
- Quarterly Finance Report [Financial & External Reporting]
- Approval of Review Scopes [Internal Audit]
- Review of key items- Occupational Health & Safety Policy; Disaster Recovery Plan; Councillor Code of Conduct; Policies Register [Internal Control Environment]

The committee noted that some of the policies in the Policy Register are overdue for review. The members suggested that the policies in the register are managed appropriately and in turn reflected in the register.

Recommendation:

The Committee notes the above reports.

CONFIRMED:

ANDREW DIX

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team