

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 3 March 2020

Meetings Rooms 1&2, Ground Floor, Civic Centre

| Audit & Risk Committee | |
|-----------------------------------|-------------------------------|
| Geoff Harry | Independent Chair |
| Katie Baldwin | Independent Member |
| Andrew Dix | Independent Member |
| Councillor Geoff Lake | Audit & Risk Committee Member |
| Mowen Lee | Independent Observer Member |

| Other Attendees | |
|------------------------|---|
| Andi Diamond | Chief Executive Officer |
| Danny Wain | Chief Financial Officer |
| Ossie Martinz | Director Infrastructure |
| Russell Hopkins | Director Community Services |
| Jo Robertson | Executive Manager – Communications |
| Jarrold Doake | Chief Operating Officer |
| Ross Goeman | Manager Corporate Performance |
| Simone Wickes | Manager Financial Services |
| Lucas Skelton | Manager Horticulture Services |
| Fee Harrison | Manager Community Strengthening |
| Jason Farrugia | Manager Strategic Procurement |
| Rahini Surendran | Coordinator Procurement and Compliance |
| David Edwards | Coordinator Arboriculture |
| Fiona Fernandes | Coordinator Business Assurance |
| Sharon Tzimokas | Coordinator Risk & Insurance |
| Martin Thompson | Senior Partner - Audit and Assurance Crowe |
| Lynda Cooper | Manager - Risk Consulting Crowe |
| Jung Yau | Acting Manager - VAGO – External Auditor |
| Sanchu Chummar | Acting Sector Director, LG and Planning - VAGO – External Auditor |

1 Opening of Meeting / Procedural

1.1 Apologies

Councillor Stuart James
Councillor Rebecca Paterson

1.2 Welcome new members to Committee

The Chair welcomed Russell Hopkins, Jo Robertson, Jung Yau and David Edwards to their first Committee meeting at Council.

1.3 Disclosure of any Conflict of Interest

None Disclosed

1.4 Confirmation of minutes as circulated – 3 December 2019

Recommendation:

The regular and confidential minutes of the Audit & Risk Committee meeting of 3 December 2019 be accepted.

Moved: Katie Baldwin / Andrew Dix. Carried

Moved Confidential Minutes: Geoff Lake / Katie Baldwin. Carried

1.5 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.

Action: Update on outsourced contract risk (3rd party providers) including management processes to ensure their compliance to required controls to be provided at June 2020 meeting. [\[Ross Goeman\]](#)

Recommendation:

The Committee noted the report.

1.6 ARC Annual Work Plan

The Committee noted all the actions on the Work Plan and agreed that the Agenda for today's meeting covers all items listed in the Plan for this meeting.

Action: Reflect within the work plan that Council Risk Appetite / Tolerance levels to be scheduled for the Dec 2020 meeting. [\[Fiona Fernandes\]](#)

Recommendation:

The Committee noted the report.

1.7 CEO Briefing

Andi Diamond presented an update to the Committee on several matters including;

- Waste & recycling policy and levy changes
- Introduction of Local Government Bill
- Coronavirus preparations & impact on traders
- Shift in conduct of residents/ratepayers towards staff members

Recommendation:

The Committee noted the briefing.

2 Financial & External Reporting

2.1 Quarterly Finance Report (incl 2020/21 underlying Budget assumptions)

The December Quarter Finance report was presented to the Committee. Simone Wickes also presented a paper on the underlying assumptions made during the budget development process for the year ending 30 June 2021. Ossie Martinz also advised that Council had recently adopted a carbon neutral target of 2025 (Council meeting 25 Feb 2020).

Recommendation:

The Committee noted the Finance report

2.2 LGPRF Benchmarking report (Ross Goeman)

A briefing paper together with the half yearly LGPRF comparison report was presented to the Committee. The briefing paper discussed the opportunity for Councillor feedback on the commentary that forms part of the LGPRF data that appears in Council's Annual Report and subsequently on the Know Your Council website.

Action: Provide service measures to Councillors for feedback on commentary (circulation via email) prior to submission to LGV [[Ross Goeman/Maria Isabella](#)]

Recommendation:

The Committee noted the report.

3 External Audit

3.1 VAGO External Audit strategy and plan (VAGO - Sanchu Chummar)

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 2020.

Recommendation:

The Committee notes the report.

3.2 Other matters – including Performance Audit Reports

None disclosed

4 Risk Management / Ethical Behaviour

4.1 Changes in Council's Risk Profile – Key Strategic and Operational Risks (Ross Goeman)

Ross also presented to the Committee the Q2 review of the Strategic Risks as well as the top 5 operational risks, the identified controls and associated activities. A paper was also presented on the Risk Management Unit's annual work plan and an update on implementing actions from VAGO's recent performance audit of Local Government Insurance Risks.

4.2 Other Risk Management Matters (Ross Goeman)

The Committee were provided two briefing papers:

- application of the Risk Framework to cyber security risk and completed actions from the Libraries cyber security incident.
- update on the state of recycling and short term procurement for Recycling Sorting Services.

Action: The Committee requested the following items be followed up on or presented at a future meeting:

- Include the risk of the general public health of residents/ratepayers/community within the Strategic/operation risk register.
- Include an assessment of the effectiveness of the Risk Management Unit into the work plan, as well as any actions that arise from the assessment

5 Internal Audit

5.1 Status of Delivery of the 2019/20 Annual Plan (Crowe)

Crowe provided a status report on the delivery of the current year's Internal Audit Plan.

Action: Provide briefing papers on the following report at the June 2020 meeting:

- New Pool Safety regulations – Victorian Government November 2019 [[Natasha Swan](#)]
- Industrial manslaughter now a crime in Victoria with maximum penalties – Clayton Utz November 2019 [[Leanne Wiebenga](#)]

5.2 Approval of new Review Scopes (Ross Goeman)

The Committee noted that the scope documents for the "Capital Works" and "Animal Management" had been circulated to Committee members prior to the meeting and feedback received was incorporated into the final scope. Discussion was held amongst members and Crowe about the inclusion of second line of defence activities within scope documents.

Action: Crowe agreed to include in the scope documents, the material strategic and operational risks from the risk register (and the related key controls) that are being assessed as part of the audit, in addition to the second line of defence mechanisms that help to provide oversight. To the extent that either of these need work, Crowe will note this in the audit report. . [Crowe]

5.3 Status of Open Recommendations (Ross Goeman)

The report highlighted that since the last meeting the total number of open actions items have increased by 1 to 36 (previously 35 items).

Action: Confirm the 2 “High” rated recommendations from the Community Infrastructure and Project Management audits, that have extend due dates, can be closed off as the initial intent of the audit recommendations have been addressed/completed. [Fiona Fernandes].

Action: Future self-assessments on integrity agency reports to focus on recommendations and guidance in areas not recently reviewed by the Committee.

5.4 Tree Management Review (Crowe /Ossie Martinz)

Crowe undertook a review was undertaken to assess Monash’s procedures and practices around the management of trees to assess whether the controls and processes are operating satisfactorily.

It was found that that internal controls and processes in place to manage trees in the municipality need to be strengthened. The audit identified ten controls that should be implemented to reduce identified weaknesses and exposure.

Action: The following actions were agreed upon at the meeting following the presentation of the Tree Management audit:

- Management to report to Council at the April Strategy meeting on the Tree Management Audit report and the progress of actions [Lucas Skelton/Ossie Martinz]
- Management to provide the committee with an update on the progress of the “High” risk audit recommendations at the June and August 2020 meetings [Lucas Skelton/Ossie Martinz]
- As part of the 2020/21 Internal Audit Plan, Crowe to review the completion of the “High” Risk actions and assess the effectiveness of these actions against the Audit’s Findings and Recommendations. [Crowe]

5.5 Community Grants Review (Crowe / Russell Hopkins)

Crowe undertook a review of the practices and processes for management of Monash City Council’s Community Grants Program. Overall, it was found that the current controls for the community grants program maintained need to be strengthened. The Audit identified ten controls that should be implemented to reduce identified weaknesses and exposure. It was also noted at the meeting that in a recent Local Government Inspectorate (the Inspectorate) report on an investigation of

Yarriambiack Shire, the Inspectorate made a comment that Councillors should not be involved in the assessment of community grant applications

Action: The following actions were agreed upon at the meeting following the presentation of the Community Grants Review:

- Management to report to Council at the May Strategy meeting on the Community Grants Review report and the progress of actions [Russell Hopkins/Fee Harrison]

Recommendation:

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

Moved: Katie Baldwin / Cr Geoff Lake. Carried

6 Internal Control Environment

6.1 Review of Key policies; Changes to Key systems; Business Ethics/ Fraud & Corruption Management (Ross Goeman)

A listing of key policies and the indicated timing for management review of each over the next three years was presented and noted.

Action: The following actions were agreed upon at the meeting:

- Independent members to provide feedback on the 3 Corporate policies distributed (Code of Conduct, Credit Card policy & Investment policy) by Tuesday 10th March [Independent members /Fiona Fernandes]
- All future policies that are to be circulated to the Audit Committee should include “track changes” so that members can sight amendments made and should be circulated to the committee prior to sign off by ELT or the CEO.
- Jarrod Doake to provide formal advice on the appropriateness of Audit & Risk Committee members input to the “Conflict of Interest Policy for non-councillor members of the Council’s Advisory Committees”. Compliance Management

7 Compliance Management

7.1 Report on any Key Non-compliance with Legislation and Council policies (Ross Goeman)

The Committee was provided with an update on the progress of the Legislative Compliance project.

Action: The committee requested a post implementation briefing paper on RelianSys at the December 2020 meeting [Ross Goeman]

8 Executive Briefings

8.1 ELT Briefing – Infrastructure (Jo Robertson)

Jo Robertson presented to the Committee on the Communications department's areas of responsibility, key services delivered and key operational and strategic risks.

9 Integrity Body Reports

9.1 Self-Assessment VAGO Report- "Results from the LG Audits 2018-19" (Simone Wickes)

The Committee noted the self-assessment conducted by Council following the release of the VAGO report "Results from the LG Audits 2018-19". The report concluded that overall most councils assessed themselves as being adequately prepared for the incoming accounting standards and concluded that the expected impact was minimal.

The sector continues to experience internal control weaknesses surrounding procurement practices, asset management and valuation processes, and with management oversight and monitoring of its outsourced service providers.

9.2 Self-Assessment VAGO Report "Council Libraries" (Russell Hopkins)

The self-assessment focused on the four recommendations made to Council Libraries following the audit of Victorian public libraries, to determine if councils and regional library corporations deliver services efficiently and effectively.

9.3 Self-Assessment LGI investigation into Yarriambiack Shire Council (Ross Goeman)

Management provided a self-assessment on the key themes from the report of the outcome of their investigations into Yarriambiack Shire Council concerning governance arrangements

9.4 Self-assessment IBAC report: Review of integrity frameworks in six Victorian councils (Ross Goeman)

Management provided an update on the progress of actions noted in the self-assessment presented at the December meeting.

Action: The following actions were agreed upon at the meeting:

- Governance to provide an annual report on declared conflicts of interests to the Audit & Risk Committee (to be worked into the policy review cycle) **[Jarrod Doake / Fiona Fernandes]**
- ELT to consider the request to make the Staff Gift Register a publicly available document **[Jarrod Doake]**
- ELT to consider requesting all prospective employee to complete Statutory Declarations on their employment history, including if they have been investigated for disciplinary or criminal matters as part of the recruitment process **[Leanne Wiebenga]**

- The ARC Charter to be reviewed as part of the introduction of the new LG Bill and to incorporate “corruption oversight” role within ARC responsibilities
[\[Ross Goeman\]](#)

10 Governance

10.1 Identify any confidential items for separate minuting (Geoff Harry)

None identified

10.2 Update on Recruitment of Independent Chairperson (Geoff Harry))

A briefing paper was presented to the committee on progress of the selection process for appointment of an Independent Chairperson member from 1 July 2020.

10.3 Councillor NoM - Terms of Reference for advisory committees (Ross Goeman)

Following the December meeting and discussion amongst Committee members it was agreed at the September Council meeting that “the Audit & Risk Committee will therefore provide a report to Council each year reiterating the past year’s activities and achievements, called out in Council’s Annual Report, and providing an overview of the Committee’s work plan for the current financial year.”

10.4 LG Bill update (Ross Goeman)

An update was provided to the Audit & Risk Committee with an overview of how the Local Government Bill might impact the Committee.

11 Meeting Schedule

The Following meeting dates were confirmed by members:

23 June 2020, 8.00 - 10.30 am

11 August 2020, 8.00 - 10.30 am

1 December 2020, 8.00 - 10.30 am

12 Meeting Closed at 11:13 AM

CONFIRMED:

GEOFF HARRY

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team
Natasha Swan