

# AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Friday 25 June 2021

Online meeting via ZOOM

<b>Audit &amp; Risk Committee</b>	
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

<b>Other Attendees</b>	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Ross Goeman	Manager Corporate Performance
Leanne Wiebenga	Executive Manager People & Culture
Ossie Martinz	Director Infrastructure
Yanthi Nilam	Manager Finance
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk Management & Insurance
Lee Kibeiks	Corporate Safety Lead
Martin Thompson	Senior Partner - Audit and Assurance, Crowe
Sanchu Chummar	Acting Sector Director, LG and Planning - VAGO – External Auditor
Jung H Yau	Manager Financial Audit - VAGO – External Auditor

## 1.1 Apologies

Brian Little (Mayor)

Lynda Cooper – Internal Auditor

## 1.2 Disclosure of any Conflict of Interest

The Chair (Andrew Dix) disclosed that he has been recently appointed to the Board of NBN Co.

John Watson disclosed that he is on the Board of the Metropolitan Waste and Resource Recovery Group (MWRRG).

## 1.3 Confirmation of minutes as circulated – 2 March 2021

### Recommendation:

The minutes of the Audit & Risk Committee meeting of 2 March 2021 be accepted.

**Moved:** John Watson / Katie Baldwin. 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.

**Action:** Crowe was asked to provide an update on how the work on second line of defence controls in Financial Controls will be worked into the audit program. [Crowe].

### Recommendation:

The Committee notes the report.

## 1.5 CEO Briefing

CEO, Andi Diamond, presented an update to the Committee on several matters including a Covid update, the work with local public health units and current capacity to offer support, legacy landfills, annual budget, kerbside recycling, and major projects.

Following the request from one of the independent members for some further information into the legacy landfill issue, the CEO has agreed to provide background information to him.

### **Recommendation:**

The Committee notes the Briefing.

## 2 Risk Management / Ethical Behaviour

### 2.1 Other Risk Management Matters (Ross Goeman)

Management provided a briefing to the Committee on the Critical Control Profile work undertaken by the Risk Unit in the last quarter. The briefing paper provided to the Committee also articulated the review done on the 'Risk Matrix' and the suggested revision of the consequence criteria.

**Action:** Risk owners to be rotated through future ARC meetings (commencing Dec 2021) to discuss how they are managing their risks. [Ross Goeman/ Sharon Tzimokas].

### 2.2 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.

**Action:** Members of the Committee asked for some example of the control profile work undertaken to be circulated to members. [Ross Goeman/ Sharon Tzimokas].

**Action:** Progress on risk actions to be reported to the committee. [Ross Goeman/ Sharon Tzimokas].

**Action:** The Committee asked management to brief them on Council's management of cyber-security for the December 2021 Committee meeting [Paul Grobler/Jarrod Doake].

### **Recommendation:**

The Committee notes the Report.

### **2.3 P&C Dashboard Report (Lee Kibeiks)**

Lee Kibeiks presented to the Committee the six monthly review of OH&S KPIs and Wellbeing data. The Committee noted management's focus on mental health and well being associated with ongoing COVID disruptions.

## **3 External Audit**

### **3.1 Interim Management Letter (VAGO)**

VAGO presented to the Committee a summary of audit findings from the interim phase of their audit and an assessment on the significance of the findings. There are some open items for which management have provided all the required information to VAGO. VAGO are in the process of evaluating the information and will provide an update on these open items in the Final Management letter to be presented at the August Committee meeting.

#### **Recommendation:**

The Committee notes the report.

**Moved:** Katie Baldwin / John Watson. Carried

### **3.2 Other matters – including Performance Audit Reports**

None disclosed

## **4 Internal Audit**

### **4.1 Internal Audit Plan for 2021/2022 (Crowe)**

Following discussions with management and the Audit Committee, the Internal Auditors presented to the Committee the Internal Audit Plan for the next 12 months. Following the June Committee meeting this plan will be taken to the next Council meeting for approval.

### **4.2 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. Crowe identified that the plan was on track for completion with the last audit (OH&S review) due to be presented at the August meeting.

### **4.3 Status of Open Recommendations (Fiona Fernandes)**

The report highlighted that since the last meeting the total number of open actions items have increased by 1 to 38 (previously 37 items).

**Action:** Add a column to the report highlighting which actions are at risk of missing due dates [**Fiona Fernandes**].

#### **4.4 Fraud Management & Prevention Review (Crowe)**

In February 2021, a review was undertaken on Council's fraud management practices, to assess whether the controls and processes are operating satisfactorily. The Internal Audit concluded that the current controls in place to manage fraud and corruption require further strengthening and identified five controls that should be implemented and/or improved to reduce the identified weaknesses and exposures. Management informed the Committee that as part of the internal audit work, regular reviews and data analytics are undertaken on various financial controls on a cyclical basis. However, council is keen to implement its own data analytics program in house.

**Action:** The Committee asked that management provide at least an annual update on the number of suspected / investigated fraud incidents. This is to be added to the annual workplan. [\[Ross Goeman/ Fiona Fernandes\]](#).

#### **4.5 Emergency Management Review (Crowe)**

In February 2021, a review was undertaken on Council's emergency management processes, to assess whether the controls and procedures are operating satisfactorily. The Internal Audit concluded that controls would benefit from further strengthening and identified eight controls that should be implemented and/or improved to reduce the identified weaknesses and exposures. The Committee commended the Infrastructure team on the work undertaken in Emergency management which was reflected well in the review.

The Committee also passed on their sincere thanks to Ossie Martinz for all his contributions to the Committee and leadership at Council and wished him well for his future endeavours.

#### **Recommendation:**

The Committee to notes the 2021-22 Internal Audit plan and forward to Council for approval at the next Council meeting. The Committee also notes the Audit reports tabled and the management actions outlined in the reports.

**Moved:** Katie Baldwin / John Watson. Carried

### **5 Compliance Management - Impact of Changes in Legislation and Council Policies**

#### **5.1 Implementation of LGA 2020 (Ross Goeman)**

Ross Goeman provided the Audit & Risk Committee with an overview of the key activities being undertaken to implement the more immediate requirements of the Local Government Act 2020, as well as prepare for sections that have somewhat longer timelines for implementation of the Act.

#### **5.2 Implementation of the Gender Equality Act 2020 (Leanne Wiebenga)**

Leanne Wiebenga provided the Audit & Risk Committee with an overview of a summary of activities in response to the introduction of the Gender Equality Act 2020. She articulated that summary of activities complements existing improvement initiatives, programs and strategies.

## **6 Integrity Body Reports**

### **6.1 Self-assessment – VAGO report - 2019-20 LG audit snapshot (Danny Wain/ Yanthi Nilam)**

The Victorian Auditor-General released a report in March 2021 commenting on the outcomes of the 2019-20 financial report and performance statement audits of the local government sector. 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. Management performed a self-assessment to the findings and proposed actions for any gaps identified.

### **6.2 Self-assessment – VAGO report on Maintaining Local Roads (Ossie Martinz)**

In March 2021, released an independent assurance report to the Victorian Parliament titled “Maintaining Local Roads” in March 2021. The subsequent report set out a number of recommendations for councils about maintenance planning, achieving value for money and RMP compliance. Management conducted a self-assessment which summarised the gap analysis effort and articulates relevant actions for implementation.

### **6.3 Self-assessment – Vic Ombudsman report on Investigation into how local councils respond to ratepayers in financial hardship (Danny Wain)**

The Victorian Ombudsman released a report in May 2021 following an investigation into how Local Government responds to ratepayers in financial hardship. The report concluded with 4 key recommendations with regards to stronger laws and standards; building knowledge and skills; use of debt collectors and building collaboration. Management performed a self-assessment to the findings and proposed actions for any gaps identified.

## **7 Governance**

### **7.1 Bi-annual report to CEO on activities of Committee**

The Chair presented a report that comprises the six-monthly update on the Committee’s activities, organised by the Committee’s functions. This report was tabled to members for noting and will be forwarded to the CEO and Council and the next Council meeting.

**Action:** Committee members suggested incorporating the following elements in future reports:

- Committee member attendance
- Summary view of audit action status [[Fiona Fernandes](#)].

**Recommendation:**

The Committee notes the report and forwards it to the Chief Executive Officer to table at the July 2021 Council meeting.

**Moved:** John Watson / Katie Baldwin. Carried

## 7.2 Committee Charter Review

In line with the Audit & Risk Committee Work Plan, a proposed Audit & Risk Committee Charter was tabled for discussion following member feedback. No further discussions was undertaken at the meeting.

**Recommendation:**

That the Committee endorses the Charter and forwards a report to Council recommending adoption of the changes.

**Moved:** Katie Baldwin / John Watson. Carried.

## 7.3 Identification of any “Confidential” items discussed during the meeting

None identified.

## 8 Meeting Schedule

The Following meeting dates were confirmed by members:

- 10 August 2021, 8.00 - 10.30 am
- 7 December 2021, 8.00 - 10.30 am
- 1 March 2022, 8.00 - 10.30 am
- 14 June 2022, 8.00 - 10.30 am

## 9 Meeting Closed at 10:10 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- Investment Policy [Internal Control Environment]

**Recommendation:**

The Committee notes the above reports.

CONFIRMED:

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ANDREW DIX

Chair

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Distribution List:**

Audit & Risk Committee  
Meeting Attendees  
Executive Leadership Team