

# AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:00am Tuesday 6 March, 2018

Meetings Rooms 1&2, Ground Floor, Civic Centre

<b>Audit &amp; Risk Committee</b>	
Geoff Harry	Independent Chair
Bev Excell	Independent Member
Katie Baldwin	Independent Member
Councillor Josh Fergeus	Councillor Member

<b>Other Attendees</b>	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Jarrold Doake	Chief Operating Officer
Ross Goeman	Manager Corporate Performance
Ossie Martinz	Director Infrastructure
Simone Wickes	Manager Financial Services
Fee Harrison	Manager Community Strengthening
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk Management & Insurance
Maria Isabella	Coordinator Corporate Performance & Reporting
Nick Andrianis	Coordinator Civic & Governance
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
Remy Szpak	Manager VAGO – External Auditor

## 1 Opening of Meeting / Procedural

### 1.1 Apologies

Tim Loughnan (VAGO)  
Julie Salomon  
Councillor Rebecca Paterson

### 1.2 Welcome New Councillor members

The Chair welcomed the new councillor members to the Committee.

### 1.3 Disclosure of any Conflict of Interest

None disclosed

### 1.4 Confirmation of minutes as circulated – 5 December 2017

#### **Recommendation:**

The minutes of the Audit & Risk Committee meeting of 5 December 2017 be accepted.

**Moved:** Katie Baldwin / Bev Excell

## 1.5 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.

**Action:-** The Committee requested that the Corporate OHS report be presented for the next 2 Committee meetings (Jun & Aug 2018) and the frequency of presentation will be reviewed thereafter [Leanne Wiebenga]

**Action:-** The Committee requested the update on cyber risks be presented at the June 2018 meeting [Jarrod Doake]

### **Recommendation:**

The Committee notes the report.

## 2 Internal Audit

### 2.1 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 decreased by 1 to 28 (previously 29 items). 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 Committee mentioned they would closely monitor overdue actions to ensure there are no regular slippages.

### **Recommendation:**

The Committee notes the report.

### 2.2 Internal Audit Activity Report (Pitcher Partners)

Natalie James presented the Internal Audit Activity Report – March 2018 and advised the Committee of the upcoming audit of Project Management which is due to be presented at the June 2018 meeting.

### **Recommendation:**

The Committee noted the report.

### 2.3 Draft 2018/19 detailed Internal Audit Plan (Pitcher Partners)

Pitcher Partners presented to the Committee the proposed internal audits for the 2018/19 year, Pitcher Partners' proposed scope coverage as well as the proposed coverage provided by management. They asked the Committee for input into the overall coverage of the Internal Audit Plan and coverage within individual internal audits.

**Action:-** The Committee requested that Internal Audit include an Assurance Map (focused on risks or activities) in the final version of the Internal Audit Plan to be presented at the June 2018 meeting [\[Pitcher Partners\]](#)

**Recommendation:**

The Committee noted the report.

#### **2.4 Community Infrastructure Internal Audit Report (Pitcher Partners)**

Natalie James from Pitcher Partners highlighted to the Committee that Community Infrastructure Planning processes at Monash appear to be established within individual business areas. However, recommendations relate primarily to opportunities to improve coordination at an organisational level, and developing an organisational strategic framework to support such an approach to the planning process. In addition, the recommendations seek to improve coordination and consistency across the organisation.

**Action:-** The Committee requested that management provide a briefing paper to the committee at the March 2019 meeting on the progress of actions from the Community Infrastructure Planning audit report [\[Fee Harrison\]](#)

**Recommendation:**

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

#### **2.5 Legislative Compliance Management Internal Audit Report (Pitcher Partners)**

Natalie James from Pitcher Partners highlighted to the committee that Monash's organisational compliance management is undertaken in a decentralised manner, with responsibility for compliance with relevant legislative instruments allocated to various departments. Recommendations within the report will help Monash to develop a more robust, centralised compliance management system, in line with the requirements of the AS ISO 19600:2015 Compliance Management System Standard.

**Recommendation:**

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

#### **2.6 Electronic Document Management System Project – Post Implementation (Pitcher Partners)**

Graham Noriskin from Pitcher Partners presented their post-implementation assessment of Monash's EDMS (EDNA) and found the project to be delivering

significant benefit to many business areas who have adopted it. Pitcher Partners recommended that all the current initiatives and identified issues are encapsulated into a formalised program and launched as a second phase of the implementation which invokes the same level of support and emphasis as was focused on the initial implementation program.

**Action:-** The Committee requested that management provide an update to the committee at the December 2019 meeting on the progress of actions from the EDMS post implementation audit report [\[Jarrod Doake\]](#)

**Recommendation:**

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

## **2.7 Cash Handling Internal Audit Report (Pitcher Partners)**

Pitcher Partners assessed the cash handling procedures, processes and key controls at the Glen Waverley Civic Centre and the Oakleigh Service Centre. Recommendations within the report focus on increasing the level of monitoring over reversals, adjustments and refunds and specifically at the Oakleigh Service Centre to improve the physical security of cash.

**Recommendation:**

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

**Moved:** Bev Excell / Cr Josh Fergeus

## **2.8 Project Management Scope (Pitcher Partners)**

Pitcher Partners outlined the process of selection of projects to be evaluated in the audit which included firstly receiving a listing of all capital projects for the 18/19 year from management. Projects, at various stages of the project management pipeline would be identified from this list. A sample of these projects would then be evaluated for the audit.

**Recommendation:**

The Committee notes the discussion.

## **3 External Reporting**

### **3.1 Local Government Performance Reporting Half Yearly Report (Ross Goeman)**

Ross Goeman presented to the Committee the half yearly LGPRF Report with the past 3 year trends including some key highlights from both the Service indicators and the financial indicators.

**Recommendation:**

The Committee note the 2017/18 LGPRF Half Yearly Comparison Report.

**Moved:** Cr Josh Fergeus / Katie Baldwin

## **4 External Audit**

### **4.1 VAGO External Audit strategy and plan (VAGO- Kevin Chan)**

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 2018. The key changes to the model financial report included the introduction of streamlined reporting from 1 July 2017. They mentioned that there would be no key audit matters (KAMs) disclosed in the auditor's report.

**Recommendation:**

The Committee notes the report.

## **5 Risk Management / Ethical Behaviour**

### **5.1 Risk Management Report (Ross Goeman)**

Sharon Tzimokas presented the 2<sup>nd</sup> 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. 2 out of 4 were still in progress. One of the Committee members commented on the static nature of the Strategic risk ratings in the 2<sup>nd</sup> quarter report given some of the current recycling issues faced by councils.

**Recommendation:**

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

## **6 Other Business**

### **6.1 Results of Audit Committee Self-Assessment (Geoff Harry)**

The results from the self assessment survey between committee members were tabled at the meeting.

**Action:** The Chair undertook to present suggested actions for improvement at the next meeting. [\[The Chair\]](#)

**Recommendation:**

The Committee notes the report.

**6.2 Briefing on Conflicts of Interest Policy (Jarrod Doake/ Nick Andrianis)**

Nick Andrianis attended the March Audit Committee meeting to discuss, with non-councillor members, the newly Council adopted policy to govern conflicts of interest for non-councillor members of the Council's advisory committees. The Committee thanked Nick for discussing the policy with the Committee and suggested that future review of the policy come to the Committee for input prior to Council adoption. The committee also commented that the Policy could be improved by the inclusion of guidance related to early identification of potential conflicts.

**Recommendation:**

The Committee notes the report.

**6.3 Self-Assessment against VAGO Report on "Internal Audit Performance" (Ross Goeman)**

Following the report released by VAGO in August resulting from an audit of seven portfolio Victorian Government departments—specifically in evaluating their internal audit functions and how well they use their resources, management prepared and presented a self assessment on the key findings within the report.

The report found that the departments use internal audit resources effectively to provide a reasonable level of assurance on the effectiveness of risk management, controls and governance processes and upon assessment management felt that council complied with the findings in the report.

**Action:** The Committee requested that Pitcher Partners present to the Committee any themes coming out of the recent audits in terms of recommendations at the June meeting. [\[Pitcher Partners\]](#)

**Recommendation:**

The Committee notes the report.

**6.4 Fraud & Corruption Prevention update (Ross Goeman)**

Ross Goeman presented an update on Fraud & Corruption Control Framework which included a working draft of the Framework document and actions taken to develop a Fraud & Corruption Risk Register. Committee members provided some feedback on the draft which will be used to finalise the document.

**Recommendation:**

The Committee notes the update.

### **6.5 Briefing on Local Government Act Changes (Ross Goeman)**

Ross Goeman presented an overview to the Committee of how the proposed changes to the Local Government Act might impact the Committee. He mentioned that the Exposure Draft represents a pared back role for the A&R Committee, compared to the expansive role outlined in the Directions Paper. The Act is 'principles' based and the Committee's role is clearly articulated whereas the current Act merely says there should be an Audit Committee.

#### **Recommendation:**

The Committee notes the update.

### **6.6 Update on progress of actions from Council Report on Vic Ombudsman's Investigation into the Transparency of Local Govt Decision Making Report (Jarrod Doake)**

Jarrod provided the Committee with a brief update on the actions completed from the self assessment conducted on the Vic Ombudsman's Investigation into the Transparency of Local Govt Decision Making. His briefing also outlined the status of progressing actions.

#### **Recommendation:**

The Committee notes the report.

### **6.7 Self-Assessment against VAGO Report on "LG Financial Audits 2016/17" (Danny Wain)**

Management outlined Monash's state of play on the key findings arising from the VAGO report on the outcomes of the audits of 2016–17 financial reports and performance statements of the local government sector.

#### **Recommendation:**

The Committee notes the report.

## **7 Reports for distribution only**

- Monash Overheads Report
  - 2017/18 Financial Management and Capital Works Progress Report Second Quarter December 2017
  - Pitcher Partners Data Analysis –Rates
- It was noted by the Committee that the report was relatively clean and the follow up actions have been dealt with and no further actions required.*

**8 Correspondence**

Nil

**9 Next meeting dates**

6 March 2018, 8.00 - 10.00 am  
19 June 2018, 8.00 - 10.00 am  
14 August 2018, 8.00 - 10.00 am  
4 December 2018, 8.00 - 10.00 am

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

The CFO identified three issues that potentially have some financial impact to Council, however would likely be subject to further review with Council’s external auditor for year-end disclosure purposes.

**11 Invitation to Internal Auditors to meet separately with Audit Committee members.**

Prior to the commencement of the meeting, the Audit Committee met separately with the Internal Auditors (Pitcher Partners) (without officers present) to discuss relevant issues, as prescribed in Council’s Audit & Risk Committee Charter.

There were no matters of significance raised by the internal auditors in the discussion with the Committee.

**12 Meeting Closed at 10:10 AM**

CONFIRMED:

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GEOFF HARRY  
Chair  
Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Distribution List:**

Audit & Risk Committee  
Meeting Attendees  
Executive Leadership Team