

# AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 10 August 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
Jarrold Doake	Chief Operating Officer
Deb Cailles	Director Infrastructure and Environment
Ross Goeman	Manager Corporate Performance
Leanne Wiebenga	Executive Manager People & Culture
Yanthi Nilam	Manager Finance
Paul Grobler	Manager Business Technology
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk & Insurance
Hirosha De Costa	Coordinator Financial Accounting
Maria Isabella	Coordinator Corporate Performance & Reporting
Lee Kibeiks	Corporate Safety Lead
Martin Thompson	Senior Partner - Audit and Assurance Crowe
Sanchu Chummar	Acting Sector Director, LG and Planning - VAGO – External Auditor

## 1.1 Apologies

Lynda Cooper – Internal Auditor  
Jung H Yau - External Auditor

## 1.2 Disclosure of any Conflict of Interest

None disclosed

## 1.3 Confirmation of minutes as circulated – 25 June 2021

### Recommendation:

The minutes of the Audit & Risk Committee meeting of 25 June 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.

### Recommendation:

The Committee notes the report.

## 1.5 CEO Briefing

CEO, Andi Diamond, presented an update to the Committee on several matters including an update on Covid, the Performance outcomes for 20/21 year and recycling costs.

**Recommendation:**

The Committee notes the Briefing.

## **2 Financial & External Reporting**

### **2.1 Annual Financial Statements (Yanthi Nilam)**

The 2020/21 draft Annual Financial Report was presented to the Committee along with:

- explanatory notes as supplementary guidance to Council's 2020/22 Financial Statements providing an insight into;
  - the purpose of each element of financial report;
  - any material issues that have affected the financial performance of Council; and
  - the draft Council report "*2020/21 Financial Statement & Performance Statements*".

The Committee congratulated management and VAGO on the standard of the financial accounts and the preparation that had gone into producing them on such a timely basis.

**Actions:** The following changes/edits were suggested by committee members for management to incorporate into the financial statements with guidance from VAGO [Yanthi Nilam/Hirosha De Costa]:

- amend the wording in the cashflow to "Net cash provided" instead of "Net cash used";
- Note 5 – amend the VGC to "Commonwealth Assistance Grants"; and
- page 15 of the Financial Statements- Financial Assistance Grants - Local Roads should be reclassified to Operating recurrent grants not Capital.

### **2.2 Annual Performance Statement (Maria Isabella)**

The 2021 draft Performance Statement was presented to the Committee. The members were complimentary on the extent of commentary provided for all measures. Committee members were complementary on the standard and completeness of the commentary notes in the Performance Statement and LGPRF report.

**Action:** Councillor Lake noted that the commentary wording relating to the rate waiver in regards to it being a "*gesture of support*" was inconsistent with Council's intent. It was agreed that the commentary would be changed to "in recognition the impact the COVID pandemic is having on the community". [Ross Goeman/Maria Isabella]

**Recommendation:**

The Committee:

- a) endorses the draft 2020/21 Financial Report and Performance Statement (the Statements), subject to resolution of any outstanding audit issues and minor amendments;

- b) endorses the Finance Manager to make any non-material changes requested by VAGO;
- c) endorses the Finance Manager to make any material changes requested by VAGO after consulting the Audit and Risk committee Chair and reporting to the council; and
- d) recommends that Council, at its meeting on 31 August 2021, adopts the Statements “in principle” and forwards the Statements to the Auditor-General for certification.

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

### **2.3 LGPRF 2020/21 results (Maria Isabella)**

The Committee were presented with key highlights of the COVID 19 Impact on the 2020/21 Service Performance Results.

### **2.4 Review draft “Report on Audit & Risk Committee” statement for Annual Report (Fiona Fernandes)**

The draft Audit & Risk Committee report for inclusion in Council’s 2020/21 Annual Report was presented to the Committee. The report outlined the membership structure, performance and key activities for the year.

**Recommendation:**

That the Committee endorse the report following some minor wording changes provided by committee members.

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

### **2.5 Adopted Budget (Yanthi Nilam)**

Yanthi Nilam highlighted to the committee the key points arising from the adopted operating and capital budget for the 2021/22 year.

**Recommendation:**

The Committee notes the briefing provided.

## **3 External Audit**

### **3.1 VAGO Closing Report on audit for 2020/21 (VAGO)**

Sanchu Chummar, Sector Director VAGO advised that VAGO was satisfied with Council’s Financial Report & Performance Statement. VAGO advised that all outstanding matters are being dealt with satisfactorily and, subject to final quality checks, they will be recommending the Auditor-General issue a clear audit opinion.

### **3.2 Final Management Letter for 2020/21 (VAGO)**

Sanchu Chummar, Sector Director VAGO advised the Committee that all open audit findings were low rated and on track to being resolved. These will be closed by VAGO if possible before issue of the final report.

## **4 Risk Management / Ethical Behaviour**

### **4.1 Risk Update (Ross Goeman)**

Management briefed the Committee on actions taken by the Risk Management Unit over the past couple of months and the work plan for the 21/22 year.

**Recommendation:**

The Committee notes the Report.

### **4.2 Fraud & Corruption Management reporting (Ross Goeman)**

Ross Goeman briefed the Committee with an annual update, including the work undertaken to respond to the recent Fraud Management & Prevention Internal Audit as well as implementation of the Action Plan outlined in Council's Fraud & Corruption Control Framework.

**Action:** The Committee suggested that the Minutes from the Fraud & Corruption Steering Committee, and the Risk Management Committee, be included in the Audit Committee papers on a regular basis and any reports of fraud incidents be included. To be added to the Committee work plan. [[Ross Goeman/Fiona Fernandes/Sharon Tzimokas](#)]

**Recommendation:**

The Committee notes the Report.

## **5 Internal Audit**

### **5.1 Status of Delivery of the 2021/2022 Internal Audit Plan (Crowe)**

Crowe provided the Committee with the status update on the current Internal Audit Activity in accordance with the 2021/22 Plan. Crowe identified that the plan was on track. The committee asked Crowe to discuss with management and determine a more targeted approach to dealing with the information available from their Curious Eyes and other such information sources noting that some relevant matters to address arise from the material.

**Action:** Discuss with management and determine a more targeted approach to dealing with the information available from their Curious Eyes and other such information sources [[Crowe](#)]

### **5.2 Summary of Open Recommendations (Fiona Fernandes)**

The report highlighted that since the last meeting the total number of open actions items have decreased by 8 to 30 (previously 38 items).

### **5.3 OH&S Review (Crowe)**

In June 2021, a review was undertaken on Council's Occupational Health & Safety (OHS) processes as they relate to employees to assess whether the controls and procedures are operating satisfactorily. Overall, it was found that the current controls in place to manage OH&S processes require further strengthening. The Internal Audit report identified eight controls that should be implemented and/or improved to reduce the identified weaknesses and exposures.

The Committee was concerned with apparent inconsistencies in the report as presented and evidence of unresolved matters with management.

**Action:** The committee asked Crowe to work with management to prepare and reissue an amended version of the report to the Committee prior to the December meeting. [Crowe]

## **6 Internal Control Environment**

### **6.1 IT Security penetration testing (Jarrod Doake / Paul Grobler)**

Paul Grobler provided the Audit & Risk Committee with the results of the Cyber Security Penetration test which was recently completed on the external, internal and wireless Council BT environments.

**Action:** The Committee asked management to provide an update at a future meeting on the people processes in place to prevent/mitigate Cyber-attacks and how Council reviews these controls on a regular basis. [Jarrod Doake / Paul Grobler]

## **7 Governance**

### **7.1 Identification of any "Confidential" items discussed during the meeting**

None identified.

## **8 Invitation to VAGO to meet separately with Audit & Risk Committee members**

The Chair invited VAGO to meet with the Committee members separately following the conclusion of the Audit Committee meeting to discuss any matters in absence of management. However, VAGO indicated that a separate meeting with committee members was not required. Committee members also confirmed that there were no matters that they required to discuss separately with VAGO.

## **9 Meeting Schedule**

The Following meeting dates were confirmed by members:

- 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 August 2022, 8.00 - 10.30 am

## 10 Meeting Closed at 9:56 AM

### Information Only

- ARC Annual Work Plan [Opening of Meeting / Procedural]
- Approval of Review Scopes [Internal Audit]

### 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