

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 13 August 2019
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
Councillor Shane McCluskey	Audit & Risk Committee Member
Mowen Lee	Independent Observer Member

Other Attendees	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Julie Salomon	Director Community Development & Services
Ossie Martinz	Director Infrastructure
Jarrold Doake	Chief Operating Officer
Simone Wickes	Manager Financial Services
Fiona Fernandes	Acting Manager Corporate Performance
Hirosha De Costa	Financial Accountant
Maria Isabella	Coordinator Corporate Performance and Reporting
Martin Thompson	Senior Partner - Audit and Assurance Crowe Horwath
Lynda Cooper	Manager - Risk Consulting Crowe Horwath
Jonathan Kyvelidis	Sector Director, LG and Planning - VAGO – External Auditor
Sanchu Chummar	Manager VAGO – External Auditor

1 Opening of Meeting / Procedural

1.1 Apologies

Ross Goeman
Sharon Tzimokas
Cr Lake
Cr Paterson

1.2 Welcome new members to Committee

The Chair welcomed new members Andrew Dix and Mowen Lee as well the new Internal Auditors, Crowe Horwath to their first committee meeting at Council,

1.3 Disclosure of any Conflict of Interest

Andrew Dix disclosed that he is currently a member of Audit Committees City of Boroondara and City of Manningham and is also a member of the ICT Steering Committee at City of Greater Geelong. In addition Andrew Dix mentioned that he was on the Board of Western Leisure Services which is owned by the City of Wyndham

1.4 Confirmation of minutes as circulated – 18 June 2019

Recommendation:

The minutes of the Audit & Risk Committee meeting of 18 June 2019 be accepted.

Moved: Katie Baldwin / Cr McCluskey. 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: the Assurance Map to be presented to the Committee at the December 19 meeting [Ross Goeman / Crowe Horwath]

Recommendation:

The Committee notes 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.

Recommendation:

The Committee notes the report.

1.7 CEO Briefing

Andi Diamond presented an update to the Committee on several matters including; Waste Management (recycling crisis), Cladding, the need for an internal audit on council's Tree Management Program (following the recent tree related fatalities), progress on the EBA negotiations, Rough Sleepers in the municipality and the results of the latest Community Satisfaction Survey, the results of which place Monash as equal highest rating alongside Yarra and Bayside.

Recommendation:

The Committee notes the briefing.

2 Financial & External Reporting

2.1 Annual Financial Statements (Simone Wickes)

The 2019 draft Annual Financial Report was presented to the Committee along with:

- explanatory notes as supplementary guidance to Council's 2017/18 Financial Statements providing an insight into:
 - the purpose of each element of financial report; and
 - any material issues that have affected the financial performance of Council; and
 - the draft Council report "2018/19 Financial Statement & Performance Statements".

The Manager Financial Services outlined the process for consideration of the 2018/19 Financial Report and Performance Statements, advising the Committee that management will be seeking authorisation from Council that the two Councillor members of the Committee, Cr Rebecca Paterson and Cr Shane McCluskey, certify the Statements 'in principle' as required by the Local Government Act. Also resolved that should there be any substantive changes to the statements in the period between this meeting and the date when the nominated Councillors certify the statements, that those changes be advised to members of the Committee for review and endorsement before certification occurs

2.2 Annual Performance Statement (Maria Isabella)

The 2019 draft Performance Statement was presented to the Committee.

Recommendation:

The Committee:

- a) endorses the draft 2018/19 Financial Report and Performance Statement (the Statements), subject to resolution of any outstanding audit issues and minor amendments; and
- b) recommends that Council, at its meeting on 27 August 2019, adopts the Statements "in principle" and forwards the Statements to the Auditor-General for certification."

Moved: Andrew Dix / Katie Baldwin

2.3 Review draft "Report on Audit & Risk Committee" statement for Annual Report (Fiona Fernandes)

The draft Audit & Risk Committee report for inclusion in Council's 2018/19 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 to be provided by Katie Baldwin.

Moved: Katie Baldwin / Andrew Dix

2.4 Adopted Budget (Simone Wickes)

Action: Committee requested that management provide a briefing at the March 2020 meeting on the underlying assumptions made during the budget development process for the year ending 30 June 2021. [Danny Wain / Simone Wickes]

Recommendation:

The Committee notes the Budget document adopted by Council

3 External Audit

3.1 VAGO Closing Report on audit for 2018/19 (VAGO)

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

3.2 Final Management Letter for 2018/19 (VAGO)

Jonathan Kyvelidis, Sector Director VAGO advised the Committee that all open audit findings were low rated and were either resolved or on track to being resolved.

Action: The committee requested that a briefing paper on the risk surrounding "controls over outsourced service arrangements" particularly in relation to data loss and privacy breaches be provided at the Dec 2019 Audit committee meeting [Ross Goeman / Sharon Tzimokas]

3.3 Other matters – including Performance Audit Reports

No other matters were disclosed

Recommendation:

That the Committee noted the Closing report and Final Management Letter.

4 Risk Management / Ethical Behaviour

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

Danny Wain gave the committee an update on the Council's Risk & Opportunity Management Directions and the Enterprise Risk and Opportunity Management Framework. He also presented an update on the draft Strategic Risk Register. The Committee noted the report, acknowledged the work done already and that further work is being done and asked for a full report at the next meeting.

Action: Committee members to provide feedback on the Risk paper to management so that this can be incorporated into the Risk Report for the Dec 2019 meeting [ARC members]

5 Internal Audit

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

Crowe Horwath, Council's recently appointed internal audit service providers, provided a status report on the delivery of the current year's Internal Audit Plan, and noted that the plan is not yet fully developed due to the timing of their appointment. It was noted that all reviews in the 2018/19 Internal Audit Plan had been completed. Crowe Horwath also presented a draft Strategic Internal Audit Plan for comment by members with the intent that the Plan will be finalised for approval at the December 2019 meeting following completion of the Assurance Mapping project.

5.2 Approval of new Review Scopes

The Committee noted that the scope document for the "Child Safe Standards" had been circulated to Committee members prior to the meeting and feedback received was incorporated into the final scope..

5.3 Status of Open Recommendations

The report highlighted that since the last meeting the total number of open actions items have decreased by 12 to 44 (previously 56 items). The committee confirmed that they are satisfied to close out the old Payroll Audit action relating to move of weekly to fortnightly payrolls.

Recommendation:

That the Committee noted the Status of Open Recommendations report.

6 Internal Control Environment

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

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

The Chair noted that a comprehensive list of Council delegations of authority was provided in the meeting pack, but in the absence of a briefing paper and as the review of delegations by management had not been completed, this item was held over for consideration at the next meeting, when outcomes of the review will be available for consideration.

The reports on the outcomes of the BT Penetration testing at the Libraries and BCP Crisis Management Testing Exercise were considered. The Committee asked that in future such reports be provided to the Committee upon completion.

Action: The committee requested that a briefing paper on the outcomes of the review of the Delegations Manual be tabled at the Dec 2019 meeting [Jarrod Doake / Nick Andrianis]

Action: The committee requested that a further briefing paper on the recommendations and proposed actions arising from the BCP Testing Report (Jan 2019) be presented to the Committee at the Mar 2020 meeting [Danny Wain / Jason Farrugia]

7 Compliance Management

7.1 Report on any Key Non-compliance with Legislation and Council policies

The committee was provided with an update on the progress of the Legislative Compliance software implementation project and informed the committee that there were no known breaches/non-compliance of legislation and council policies in the last quarter. Members requested that for future such reports management consider a broader report on compliance management across council.

8 Executive Briefings

8.1 ELT Briefing – Community Development & Services

Julie Salomon presented to the Committee on the areas of responsibility, key services delivered and key operational and strategic risks for Community Development & Services.

9 Integrity Body Reports

9.1 Self-assessment IBAC report: Review of integrity frameworks in six Victorian councils

The Committee noted the self-assessment conducted by Council following the release of the IBAC report following the review of integrity frameworks in six Victorian councils. The report followed on from what was presented at the June 2019 meeting and focused on all points made in the report under “Good practices observed & other good practice observations.

Action: Deferred to December 2019 meeting – with a report on whether Council’s risk tolerance required any actions for “partially compliant” and “non-compliant” assessments, bearing in mind other control mechanisms in place. [Ross Goeman / Fiona Fernandes]

9.2 Self-assessment VAGO report: Reporting on Local Government Performance

Action: Deferred to December 2019 meeting

9.3 Self-assessment VAGO report: Asset Management and Compliance

Ossie Martinz briefed the Committee on the self-assessment conducted by Council to assess whether local councils accurately document infrastructure assets in their information systems and use this information in their asset management and planning.

9.4 Self-assessment VAGO report: Recovering and Reprocessing Resources from Waste

Ossie Martinz briefed the Committee on the self-assessment conducted by Council to respond to the abovementioned report. Monash was one of two metropolitan Councils asked to participate in the audit. A key finding noted by the Auditor General was that both participating Councils, Banyule and Monash are ably fulfilling their roles in delivering waste and resource recovery services to their communities.

9.5 Verbal update on actions from Self-Assessment of VAGO report: Security and Privacy of Surveillance Technologies in Public Places

Jarrod Doake provided a verbal update to the Committee on the actions arising from the abovementioned self-assessment, stating that Wilson Security had been hired to install CCTV in various sites. In addition signage had been updated as per recommendations from the report.

The Chair asked that in future all briefings by Council officers need to be supported by written papers.

10 Governance

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

None identified.

10.2 Notes from Audit Committee Strategic Discussion – 16th July 2019 Geoff Harry)

The Chair briefed the attendees of the meeting about the outcomes from the strategic discussion held on 16th July.

11 Meeting Schedule

The Following meeting dates were confirmed by members:

3 December 2019, 8.00 - 10.30 am

3 March 2020, 8.00 - 10.30 am

9 June 2020, 8.00 - 10.30 am

11 August 2020, 8.00 - 10.30 am

12 Meeting Closed at 10:25 AM

13 Other Business - Invitation to VAGO & Crowe Horwath to meet separately with Audit & Risk Committee members

Following the close of meeting, the members of the Committee met with the External Auditors - Jonathan Kyvelidis and Sanchu Chummar from VAGO and Internal Auditors – Martin Thompson and Lynda Cooper to discuss any issues that needed to be raised in the absence of management.

CONFIRMED:

GEOFF HARRY

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team