

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 4 December, 2018
Meetings Rooms 1&2, Ground Floor, Civic Centre

Audit & Risk Committee	
Geoff Harry	Independent Chair
Bev Excell	Independent Member
Katie Baldwin	Independent Member
Councillor Josh Fergeus	Councillor Member

Other Attendees	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Ross Goeman	Manager Corporate Performance
Peter Panagakos	Director City Development
Ossie Martinz	Director Infrastructure
Julie Salomon	Director Community Development & Services
Jarrold Doake	Chief Operating Officer
Leanne Wiebenga	Executive Manager – People & Culture
Simone Wickes	Manager Financial Services
Greg Talbot	Manager Community Amenity
Natasha Swan	Manager City Planning
Richard Whiting	Municipal Building Surveyor
Jenny Draschl	Senior OHS Consultant
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk Management & Insurance
Graham Noriskin	Executive Director Pitcher Partners – Internal Auditor
Ben Dunn	Manager Pitcher Partners – Internal Auditor
Tim Loughnan	Financial Audit Sector Director (LG) VAGO – External Auditor
Jonathan Kyvelidis	Sector Director, LG and Planning - VAGO – External Auditor
Cr Shane McCluskey	Mayor - Observer

1 Opening of Meeting / Procedural

Newly appointed Mayor Cr Shane McCluskey attended the meeting as an observer.

1.1 Apologies

Councillor Rebecca Paterson
Chris Lo Piccolo
Sanchu Chummar
Jason Farrugia
Simon Hill

1.2 Disclosure of any Conflict of Interest

The Chair disclosed that he has been newly appointed to the Audit Committee of Chisolm TAFE.

1.3 Confirmation of minutes as circulated – 14 August 2018

Recommendation:

The minutes of the Audit & Risk Committee meeting of 14 August 2018 be accepted.

Moved: Bev Excell / Katie Baldwin

1.4 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.

Recommendation:

The Committee notes the report.

2 Internal Audit

2.1 Status of Internal Audit Plan for 2018/19 (Pitcher Partners)

Pitcher Partners issued a status report for the current year's Audit Plan and stated that the drafting of the report for the "Sports Playing Surfaces and Pavilions Planning" and "Building Permits" was near completion and the fieldwork for the "Contract Management" audit was underway. Pitcher Partners stated that they would ensure that findings from the Asset Management audit would inform the findings in the Sports Playing Surfaces audit report.

2.2 Approval of new Review Scopes

The Committee noted that the scope document for the "Asset Management", "Contract Management", "Landfill Management" and "Building Permits" had been circulated to Committee members and any feedback received was incorporated into the fieldwork by Pitcher Partners.

2.3 Review of Reports on Completed Internal Audit Reviews

2.3.1 Asset Management

In September 2018, Pitcher Partners assessed the adequacy and effectiveness of processes, policies, procedures and internal controls implemented by Monash for managing assets.

It was found that key framework elements have to an extent been established, and are either operational, being addressed, or identified as improvements within the Asset Management Strategy's Improvement Plan. However, there is a need for greater focus and coordination towards delivery of these improvements to ensure processes continue to mature.

Action: - The Committee requested that the Strategic Asset Management team provide an update back to the Committee in 6 months' time (June 2019 meeting) on the progress of implementation of the findings within the report. This was to include a connection to Council's risk profile [[Ossie Martinz/ Chris Lo Piccolo](#)]

2.4 Status of Internal Audit, External Audit & Self-Assessment Actions.

The report highlighted that since the last meeting the total number of open actions items have decreased by 6 to 38 (previously 44 items). Many of the recent actions added relate to long term initiatives to be implemented. It was noted that 70% of the open items are from the last 12 months IA activity.

Leanne Wiebenga and Ossie Martinz also provided the committee with an update on the actions associated with the Fleet Audit conducted by Pitcher Partners in 2017.

Action: - The Committee were comfortable to close off the Payroll Audit action relating to Time in Lieu (TIL) on the proviso that an update from the Payroll team be given at the December 2019 committee meeting on the progress of work done in the TIL area following the EBA negotiations. [Leanne Wiebenga]

Recommendation:

The Committee notes the report.

Moved: Bev Excell / Cr Josh Fergeus

3 Risk Management / Ethical Behaviour

3.1 Risk Update Report (Ross Goeman)

Ross Goeman provided an update on Risk Management to the Committee. He highlighted that whilst the Risk Management and Insurance Business Unit are currently undertaking a review of the Risk & Opportunity Management Framework & Policy and have shifted to a more thematic style of reporting and providing updates on current issues within the organisation.

Pitcher Partners (current Internal Auditors for City of Kingston) and The Chair, Geoff Harry (Audit Committee member for City of Greater Dandenong) departed the meeting briefly.

Ossie Martinz briefed the remaining members of the committee and attendees on the discussions with the Kingston and Greater Dandenong councils on 2 legacy landfills.

Pitcher Partners and Geoff Harry returned to the meeting.

The Landfill update, Cladding update and the Parking matter was moved to the Confidential section of the meeting.

3.2 Risk Management Policy & Framework Draft report (Ross Goeman)

The draft Policy and Framework was presented to the Audit & Risk Committee for feedback. Key changes included an introduction of the Risk Principles as per ISO:31000:2018, and the Three Lines of Defence model, as well as, the inclusion of Risk Appetite and Risk Tolerance to provide a tool to measure Control Effectiveness.

Action: - The Committee requested an update on the implementation plan at the March or June 2019 meeting. [Ross Goeman]

Action: - The Chair requested that a MS Word version of the policy and framework be distributed to Committee member to provide feedback. [Ross Goeman/ Sharon Tzimokas]

Recommendation:

The Committee notes the Risk Management update provided to the Committee and will provide feedback on the draft policy and framework.

4 Other Business

4.1 Update on implementation of Fraud & Corruption Control Framework (Ross Goeman)

Ross Goeman provided an update to the Committee on the progress of the implementation of the Fraud & Corruption Control Framework, which was adopted in May 2018 and launched to all staff in June 2018. Key activities since the launch include the development of an F&CC Checklist, roll-out of fraud & corruption risk register and the establishment of the F&CC Working Group.

Recommendation:

The Committee notes the update.

4.2 Extension of Independent member's tenure to 30 June 2019 (Ross Goeman)

Discussion on member's tenure was moved to the Confidential section of the meeting.

4.3 Oversight of Key Council Policies (Ross Goeman)

A briefing paper was presented which outlined a listing of key policies provided by members that should be considered for regular review by the Audit & Risk Committee. There was discussion amongst the Committee to determine which policies to be included in the 2018/19 Work plan for review.

Action: Management to build a rotation of policies for review into the A&RC work plan over a 4 year basis and provide to the Committee for feedback [Fiona Fernandes]

Recommendation:

The Committee notes the document.

4.4 EDMS Project – Post Implementation update (Jarrod Doake)

Jarrod Doake provided an update to the Committee on the progress of actions from the EDMS post implementation audit report.

Recommendation:

The Committee notes the update.

4.5 Health and Safety Dashboard Report (Leanne Wiebenga)

Leanne Wiebenga presented the 2017/18 Health & Safety Dashboard report to the Committee. The report was well received by the Committee and highlighted some key lag and lead indicators, continuous improvement opportunities. It was the 2nd report presented to the Committee in its current format.

Action: The Committee requested an additional page with well-being statistics to be incorporated into the next Dashboard report presented at the June 2019 meeting [Leanne Wiebenga]

Recommendation:

The Committee notes the update.

4.6 Update on review of capitalisation thresholds (Simone Wickes)

Simone Wickes provided an update to the Committee a review of the capitalisation threshold following the significant amount of expenditure which was written-off at financial year end 30 June 2018. After consideration by the Finance Management team, it has been determined to leave the thresholds at the current levels. The accounting thresholds will be included in further work being undertaken to complete asset accounting policies and procedures.

Recommendation:

The Committee notes the update.

5 Reports for information only

5.1 Minutes from meeting with ARC, Internal Auditor and Management

Noted by the Committee.

5.2 Self-assessment VAGO report: Managing the Municipal and Industrial Landfill Levy

Noted by the Committee.

5.3 Self-assessment VAGO report: Local Government Insurance Risks

Ross Goeman briefed the Committee on the self-assessment conducted by Council following the release of the VAGO report on Local Government Insurance Risks. He articulated that the report from VAGO was valuable and well timed with the work Council was doing in the area.

Action: The Committee requested an update to the next committee meeting (March 2019) on the progress from Council's participation of the LMI audit [Ross Goeman/ Sharon Tzimokas]

5.4 Self-assessment VAGO report: Security and Privacy of Surveillance Technologies in Public Places

Julie Salomon briefed the Committee on the self-assessment conducted by Council on the findings from the VAGO report: Security and Privacy of Surveillance Technologies in Public Places. She mentioned that following the self-assessment on the findings from the report and the development of the Monash City Council CCTV Policy, Council was now well aligned to the recommendations within the report.

Committee members praised VAGO for the quality and usefulness of the report.

Action: The Committee requested an update on the progress of actions that came from this self-assessment at the June 2019 meeting, together with the status of CCTV systems on Council buildings. [Julie Salomon]

5.5 Self-assessment VAGO report: Delivering Local Government Services

Ossie Martinz presented the self-assessment on the findings from VAGO report on Delivering Local Government Services which outlined some work council was undertaking in developing service planning templates and the implementation of a 4-year cycle for Service Plan development.

5.6 Self-assessment VAGO report: State Purchase Contracts

Noted by the Committee.

5.7 Self-assessment IBAC - Corruption and misconduct risks associated with employment practices in the Victorian public sector

Noted by the Committee.

5.8 Chair's presentation to Councillors – 13 November 2018

Noted by the Committee.

5.9 September Quarterly Finance Report (new format)

Simone presented the new Finance dashboard report to the Committee which received good feedback.

5.10 Annual Report 2017-18

Noted by the Committee.

6 Correspondence

Nil

7 Next meeting dates

5 March 2019, 8.00 - 10.30 am

18 June 2019, 8.00 - 10.30 am

13 August 2019, 8.00 - 10.30 am

3 December 2019, 8.00 - 10.30 am

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

The Following agenda items were treated as Confidential:

- Agenda item 3.1: Landfill update, Cladding update, Parking matter
- Agenda item 4.2: Extension of Independent member’s tenure to 30 June 2019
- Agenda item 5.1: Internal Auditor Contract extension

9 In Camera discussion between ARC members

10 Meeting Closed at 10:38 AM

CONFIRMED:

GEOFF HARRY

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team