

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 5 March, 2019
Meetings Rooms 1&2, Ground Floor, Civic Centre

Audit & Risk Committee	
Geoff Harry	Independent Chair
Bev Excell	Independent Member
Katie Baldwin	Independent Member
Councillor Rebecca Paterson	Councillor Member
Councillor Geoff Lake	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
Leanne Wiebenga	Executive Manager – People & Culture
Simone Wickes	Manager Financial Services
Lucas Skelton	Manager Horticultural Services
Tony Oulton	Manager Active Monash
Simon Hill	Manager Sustainable Monash
Maria Isabella	Coordinator Corporate Performance and Reporting
Natasha Swan	Manager City Planning
Siobhan Wood	Acting Manager Arts & Culture
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk Management & Insurance
Graham Noriskin	Executive Director Pitcher Partners – Internal Auditor
Natalie James	Director Pitcher Partners – Internal Auditor
Mark Peters	HLB Mann Judd - Partner
Jonathan Kyvelidis	Sector Director, LG and Planning - VAGO – External Auditor
Sanchu Chummar	Manager VAGO – External Auditor

1 Opening of Meeting / Procedural

Cr Shane McCluskey attended the meeting as an observer.

1.1 Apologies

Kundai Mtsambiwa – HLB Mann Judd
Julie Salomon

1.2 Welcome Cr Lake to Committee

1.3 Disclosure of any Conflict of Interest

Bev Excell advised that she has been appointed as Vice President of Monash Chorale.
Geoff Harry advised that he has been appointed as Chair on Brimbank City Council's
Audit & Risk Committee

1.4 Confirmation of minutes as circulated – 4 December 2018

Recommendation:

The minutes of the Audit & Risk Committee meeting of 4 December 2018 be accepted.

Moved: Bev Excell / Katie Baldwin

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.

Recommendation:

The Committee notes the report.

2 External Audit

2.1 VAGO External Audit strategy and plan (VAGO- Jonathan Kyvelidis)

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 2019.

Recommendation:

The Committee notes the report.

3 External Reporting

3.1 Local Government Performance Reporting Framework Half yearly report (Ross Goeman)

Ross Goeman presented to the Committee the following LGPRF documents:

- 2017-18 LGPRF Comparisons Report;
- LGPRF Strategic Directions Paper 2018-21; and
- LGPRF Report – Reporting Period 1 July to 31 December 2018.

Action: The committee requested that going forward the LGPRF data only be presented to the committee on an annual basis (half yearly results not required) together with the benchmarking results. [\[Ross Goeman/ Maria Isabella\]](#)

Recommendation:

The Committee notes the report.

4 Internal Audit

4.1 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 "Contract Management" was near completion and the fieldwork for the "IT Governance, Strategy and Controls" audit was underway.

4.2 Approval of new Review Scopes

The Committee noted that the scope document for the "IT Governance, Strategy and Controls" had been circulated to Committee members and any feedback received was incorporated into the scope by Pitcher Partners.

4.3 Review of Reports on Completed Internal Audit Reviews

4.3.1 Closed Landfills

In December 2018, HLB Mann Judd assessed the adequacy of the internal controls and processes relating to the management of closed landfill sites, and to identify any potential risks and/or opportunities to improve related practices.

It was found that Council could implement several practices to strengthen the management practices of closed landfill sites within the municipality, including the development of a strategy document, formalising policy and procedures, introducing a formal register and updating position descriptions. In addition, the report highlighted on some opportunities for improvement in the action plan prepared to address recommendations from the 2014 VAGO report on Managing Landfills. However, overall the Audit found that Council has adequate and effective systems, processes and internal controls in place around the management of closed landfill sites.

4.3.2 Sports Playing Surfaces and Pavilions Planning

In 2018, Pitcher Partners assessed the adequacy and effectiveness of the processes, policies and internal controls for sports surfaces and pavilions planning.

The Audit found that council's current process were assessed with a process maturity of "developing". The recommendations in the report relate primarily to strengthening Monash's approach to planning for sports surfaces and pavilions in the medium and long-term, with opportunities to improve foundations for demand analysis, facility allocation and asset planning.

Action: The Committee suggested that management further review the responses made to the findings and recommendations in the report and ensure that the wording of the responses specifically address the recommendations and that the action are able to be tracked and closed out [Tony Oulton / Ossie Martinz]

4.3.3 Building Permits

In December 2018, Pitcher Partners assessed the adequacy and effectiveness of processes, policies, procedures and internal controls implemented by Council to manage building permits, report and consents and enforcement activities

In general, the Audit found that Monash has established processes to support the management of building permits and report and consents. The findings in the report relate to control and efficiency of non-system processes, as well as monitoring.

4.4 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 increased by 6 to 44 (previously 38 items). Many of the recent actions added relate to long term initiatives to be implemented.

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

Siobhan Wood provided an update on the actions from the Public Safety and Events audit as well as the Community Infrastructure audit.

Recommendation:

The Committee notes the Audit reports tabled and the management actions outlined in the reports.

Moved: Bev Excell / Katie Baldwin

5 Risk Management / Ethical Behaviour

5.1 ELT Briefing – People & Culture

Leanne Wiebenga presented to the Audit Committee on the areas of responsibility, key services delivered and key operational and strategic risks for People & Culture.

5.2 Risk Update Report (Ross Goeman)

Ross Goeman provided an update on Risk Management to the Committee which included the topical issues and progress on Strategic Risks of Long Term Financial Viability; Work Force alignment & Managing Electrical Line Clearance and Street Trees Management.

5.3 Risk Management Policy & Framework update (Ross Goeman)

The revised draft Policy and Framework was presented to the Audit & Risk Committee for feedback. The Chair requested members provide feedback to officers on the latest version to be considered and incorporated into the final draft before the next meeting so that a final draft could be tabled at that meeting.

Action: - The Committee requested the revised draft policy and framework be tabled at the June 2019 meeting. [Ross Goeman]

Recommendation:

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

6 Other Business

6.1 Results of 2018 Audit & Risk Committee Self-assessment survey (Geoff Harry)

Discussed as part of confidential matters

6.2 Update on New Independent member recruitment and Internal Auditor tender process (Fiona Fernandes)

Discussed as part of confidential matters

6.3 Update on progress from Council's participation of the Liability Mutual Insurance audit (Ross Goeman)

A briefing paper was presented which outlined results from the MAV Insurance Compliance review which was conducted in September 2018

Recommendation:

The Committee notes the document.

6.4 VAGO Performance feedback (Simone Wickes)

Discussed as part of confidential matters

7 Reports for information only

7.1 Self-assessment VAGO report: Results of 2017–18 Audits: Local Government

7.2 Self-assessment VAGO report: Follow up of Oversight and Accountability of Committees of Management

7.3 December Quarterly Finance Report

8 Correspondence

Nil

9 Next meeting dates

18 June 2019, 8.00 - 10.30 am
13 August 2019, 8.00 - 10.30 am
3 December 2019, 8.00 - 10.30 am
3 March 2020, 8.00 - 10.30 am

10 Identification of any "Confidential" items discussed during the meeting

The Following agenda items were treated as Confidential:

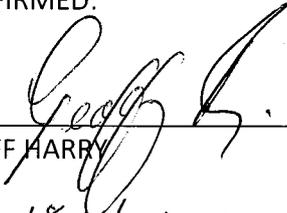
- Update on Parking Infringements Matter
- Agenda item 6.1 Results of 2018 Audit & Risk Committee Self-assessment survey
- Agenda item 6.2 Update on New Independent member recruitment and Internal Auditor tender process
- Agenda item 6.4 VAGO Performance feedback

11 In Camera discussion between ARC members

None.

12 Meeting Closed at 11:00 AM

CONFIRMED:



GEOFF HARRY
Chair
Date: 18 / 6 / 2019

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 18 June 2019
Meetings Rooms 1&2, Ground Floor, Civic Centre

Audit & Risk Committee	
Geoff Harry	Independent Chair
Bev Excell	Independent Member
Katie Baldwin	Independent Member
Councillor Geoff Lake	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
Jarrold Doake	Chief Operating Officer
Phil Williamson	Manager People Services
Simone Wickes	Manager Financial Services
Jason Farrugia	Manager Strategic Procurement
Paul Grobler	Manager Business Technology
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk Management & Insurance
Hirosha De Costa	Financial Accountant
Lee Kibeiks	Corporate Safety Lead
Graham Noriskin	Executive Director Pitcher Partners – Internal Auditor
Luke Thompson	Manager Pitcher Partners – Internal Auditor
Jonathan Kyvelidis	Sector Director, LG and Planning - VAGO – External Auditor
Sanchu Chummar	Manager VAGO – External Auditor

1 Opening of Meeting / Procedural

1.1 Apologies

Natalie James (Pitcher Partners)
Leanne Wiebenga
Cr Paterson

1.2 Welcome new members to Committee

1.3 Disclosure of any Conflict of Interest

None disclosed

1.4 Confirmation of minutes as circulated – 5 March 2019 (incl confidential minutes)

Attendees – except for ELT, Committee members & Ross Goeman – departed the meeting whilst the Confidential minutes from March 2019 meeting were discussed. It was also agreed that the notation related to item 6.5 of confidential minutes be moved to the front of the minutes.

Recommendation:

The minutes of the Audit & Risk Committee meeting of 5 March 2019 be accepted.

Moved: Bev Excell /Cr Lake. 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 Committee requested the status of item 2.7 from the 19 June 2018 meeting be amended to read “ to be developed as part of the 2019-2020 Internal Audit Plan by Crowe Horwath” **[Fiona Fernandes]**

Actions: The Committee clarified that item 3.1 of the 5 March 2019 meeting action related to the LGPRF benchmarking results that would be presented on an annual basis in the Dec meeting **[Fiona Fernandes]**

Recommendation:

The Committee notes the report.

1.6 ARC Annual Work Plan

The Committee noted all the actions on the work plan.

Recommendation:

The Committee notes the report.

1.7 CEO Briefing

Andi Diamond gave an update on Council’s recycling service contract and the progress on the contract negotiations and the status of the application for S186 Ministerial Exemption. In addition the CEO reported on the impact for Council in accommodating the introduction of 15 hours of kindergarten services for three year olds.

Recommendation:

The Committee notes the briefing.

2 Risk Management / Ethical Behaviour

2.1 Changes in Council's Risk Profile – Key Strategic and Operational Risks (Sharon Tzimokas)

Sharon Tzimokas provided an update on Risk Management to the Committee which included the issues about managing the relationship around claims and customers as well as collaboration for effective Project management. The Committee provided feedback on the new report, indicating that it supported a cyclical approach to reporting on the status of strategic risks over several meetings. Members made suggestions as to potential for further improvements in the report, including the following:

- a) Providing a briefing on the plan for bringing reports on other strategic risks to the Committee;
- b) Developing a briefing template that essentially covers all key elements for each risk on a page – this would include risk description, explanation of the threat arising, risk owner (position) risk scores (both raw and current), key controls in place to mitigate, additional actions required to reduce rating to Council's agreed tolerance level and target dates for conclusion of the actions.

Action: Provide the Committee with a matrix comprising of all Council's strategic risks and when each risk was going to be reported on to the Committee meetings. [Sharon Tzimokas]

Action: Cr Lake recommended that at a minimum officers present to Councillors a report on strategic risks on an annual basis, possibly timed to inform each budget process [Ross Goeman]

2.2 Summary of OHS Performance (Phil Williamson)

Phil Williamson presented the 2018 Health & Safety Dashboard report to the Committee. The report highlighted some key lag and lead indicators, as well as continuous improvement opportunities. The format of the report has changed to also include Health & Well Being indicators and other Employee data.

Action: Cr Lake suggested that the Dashboard report be presented to Councillors on an annual basis. [Leanne Wiebenga]

2.3 Other Risk Management Matters – Risk & Opportunity Management Framework Review – Procedures Manual (Ross Goeman)

The Risk Management Procedure document, which is governed by the Risk and Opportunity Management Policy and Framework, was presented to the Audit & Risk Committee for feedback. The Committee were happy with the document and had no further comments (Katie Baldwin offered to provide some additional comments post the meeting).

Recommendation:

The Committee notes the Risk Management update provided to the Committee and the draft procedures presented.

3 Internal Audit

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

Pitcher Partners issued a status report for the current year's Audit Plan and all projects for the current contract were completed.

3.2 Approval of new Review Scopes

The Committee noted that the scope document for the "Continuous Audit – Tendering" had been circulated to Committee members and any feedback received was incorporated into the scope by Pitcher Partners.

3.3 Reports on outcomes of Reviews

3.3.1 BT Governance, Strategy and Controls

In February 2019, Pitcher Partners assessed a range of processes and control that are in place to manage the governance and stability of City of Monash's IT Environment. It was found that while the majority of expected controls are in place, further work is required to improve overall IT governance.

The report outlined six recommendations which focus on improvements to security and access controls, formalising batch processes and improvements to change management and vulnerability management.

3.3.2 Contract Management

Pitcher Partners assessed contract management practices as Developing, but moving towards Established. The report assessed that systems, tools and the strategic procurement team are available to assist staff to manage contracts in the decentralised structure, however, there would be benefit in providing a higher level of support and guidance.

The report outlined three recommendations which focused on Third Party Contracts, Contract Management Guidance and Contract Monitoring and Analysis.

Action: The Committee requested that the actions for Finding #3 be broken down into several milestones with due dates assigned to each milestone and reported back to the Aug Committee meeting [Jason Farrugia].

3.3.3 Cash Handling

In March 2019, Pitcher Partners assessed the cash handling process maturity at three sites, being Monash Aquatic & Recreation Centre (MARC), Oakleigh Recreation Centre

(ORC) sites and the Waste Transfer Station (WTS). The maturity of the process was found to vary between the recreation centres and Waste Transfer Station.

The report outlined seven recommendations which focus on increasing the level of monitoring of reversals, adjustments and refunds and improving the physical security of cash.

3.3.4 Tendering (Continuous Audit)

In April 2019, Pitcher Partners assessed the level of compliance on one recent tender process with organisational policies and procedures, controls and better practice elements.

The report outlined one recommendation which focused on tightening procedures.

3.3.5 Follow up Review

Pitcher Partners discussed the Follow-up Review report and noted the actions reviewed for closure.

3.4 Status of Open Recommendations

The report highlighted that since the last meeting the total number of open actions items have increased by 12 to 56 (previously 44 items). Many of the recent actions added relate to long term initiatives to be implemented with 17 new actions being added from reports presented at the current meeting.

Phil Williamson and Ossie Martinz also provided the Committee with an update on the actions associated with the Fleet Management audit conducted by Pitcher Partners in 2017.

Ossie Martinz provided an update on the actions from the Asset Management audit.

Recommendation:

The Committee notes the Audit reports tabled and the management actions outlined in the reports.

Moved: Katie Baldwin / Bev Excell. Carried.

3.5 Other Matters – Change in Service Provider

Katie Baldwin gave an update to the Committee on the tender and interview process leading to the appointment of the new Internal Audit Services Provider, Crowe Horwath who commence on 1 July 2019.

4 Financial & External Reporting

4.1 Accounting Policy Reviews and Changes (Simone Wickes)

Simone presented to the Committee the impact to council on the following new or revised accounting standards:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases
- AASB 1058 Income of Not for Profit Entities

Recommendation:

The Committee notes the update.

4.2 Quarterly Finance Report (Simone Wickes)

The Committee took as read the March quarterly finance report.

Recommendation:

The Committee notes the report.

4.3 Other Finance Matters (Simone Wickes)

Simone presented to the Committee management's review on the appropriate treatment for old amounts 'held in trust'.

Recommendation:

The Committee notes the report.

5 External Audit

5.1 VAGO Interim Management Letter (VAGO- Jonathan Kyvelidis)

Council's External Audit Director Jonathan Kyvelidis from VAGO reported on the Interim Management Letter for the 2018/19 external audit, noting that no issues of significance arose during the Interim Audit.

Recommendation:

The Committee notes the letter.

Moved: Katie Baldwin / Cr Lake. Carried.

5.2 Other matters- including Performance Audit Reports (VAGO- Jonathan Kyvelidis)

Jonathan Kyvelidis updated the Committee briefly on current reviews undertaken VAGO

5.3 VAGO Audit Engagement letter (VAGO- Jonathan Kyvelidis)

6 Internal Control Environment

Review of Key policies; Changes to Key systems; Business Ethics/ Fraud & Corruption Management - Nil to review

Action: Provide the Committee with a listing of policies to be rotated through the Committee for review over the next 3 years [Ross Goeman]

7 Compliance Management

Report on any Key Non-compliance with Legislation and Council policies – Nil to report

8 Executive Briefings

8.1 ELT Briefing – City Development

Peter Panagakos presented to the Audit Committee on the areas of responsibility, key services delivered and key operational and strategic risks for City Development.

9 Integrity Body Reports

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

Ross Goeman briefed the Committee on the self-assessment conducted by Council following the release of the IBAC report following the review of integrity frameworks in six Victorian councils.

Action: Cr Lake suggested that officers complete a more comprehensive review on all points made in the report under “Good practices observed & other good practice observations for the Aug meeting” [Ross Goeman]

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

Action: This items was moved to the August Committee meeting. [Jarrod Doake]

10 Governance

10.1 Review of Committee Charter (Geoff Harry)

In line with the Audit & Risk Committee Work Plan, a proposed Audit & Risk Committee Charter was tabled for discussion following member feedback. A number of further changes to the Charter were suggested by members and Council officers. It was suggested by Cr Lake that at the next committee member elections in 2019, Council could appoint 2 alternate councillor members to the committee.

Action: The Committee requested a clean “Final Draft” copy of the Charter be distributed to the committee member once the following change is incorporated:

- Include the option for members to dial in /video conference into meetings to be included as quorum for meetings.

Recommendation:

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

Moved: Cr Lake / Katie Baldwin. Carried.

10.2 Draft 2019/20 ARC Annual Workplan (Geoff Harry)

Geoff Harry presented the Draft Audit & Risk Committee Work Plan for the financial year 2019/20, which sets out the Committee’s program for the year which is aligned to the Audit & Risk Committee Charter.

Recommendation:

That the Committee note the Audit & Risk Committee Work Plan 2019/20.

10.3 Change in Committee Membership (Geoff Harry)

The Chair recognised the contributions made by Bev Excell in her last six years as an independent member of the Committee and wished her well in her future endeavours. In addition, Cr Lake, on behalf of all councillors, thanked Bev for her excellent contributions made to the Audit & Risk Committee and to the governance of Council over her tenure as independent member.

Resolution:

The Committee acknowledges the significant contribution that retiring member Bev Excell has made to the Audit & Risk Committee over the past six years and thanks her for her valuable contribution and wise counsel to the Committee over that time.

11 Other Business

Nil

12 Meeting Schedule

13 August 2019, 8.00 - 10.30 am

3 December 2019, 8.00 - 10.30 am

3 March 2020, 8.00 - 10.30 am [PROPOSED]

9 June 2020, 8.00 - 10.30 am [PROPOSED]

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

The Following agenda items were treated as Confidential:

- Update of the March Confidential minutes

14 Meeting Closed at 11:00 AM

CONFIRMED:

GEOFF HARRY

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team