

AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 01 March 2022

Online meeting via ZOOM

Audit & Risk Committee	
Andrew Dix	Independent Chair
Katie Baldwin	Independent Member
John Watson	Independent Member
Councillor Stuart James	Alternate Audit & Risk Committee Member (Mayor)
Councillor Tina Samardzija	Audit & Risk Committee Member

Other Attendees	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Jarrold Doake	Chief Operating Officer
Deb Cailles	Director Infrastructure
Leanne Wiebenga	Executive Manager People & Safety
Yanthi Nilam	Manager Finance
Tracy Shoshan	Manager Workplace Relations and Payroll
Simon Hill	Manager Sustainable Monash
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk & Insurance
Maria Isabella	Coordinator Corporate Performance & Reporting
Martin Thompson	Senior Partner - Audit and Assurance Crowe
Gabrielle Castree	Associate Partner - Audit and Assurance Crowe
Mark Peters	Partner – HLB Mann Judd – External Auditor
Alison Stewart	Manager - HLB Mann Judd – External Auditor

1.1 Apologies

Councillor Geoff Lake

1.2 Disclosure of any Conflict of Interest

The Chair disclosed that he has recently retired from the board of the Bureau of Meteorology

1.3 Confirmation of minutes as circulated – 7 December 2021

Recommendation:

The minutes of the Audit & Risk Committee meeting of 7 December 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 and waste matters.

Recommendation:

The Committee noted the Briefing.

2 Risk Management / Ethical Behaviour

2.1 Risk Update (Danny Wain/Sharon Tzimokas)

Management briefed the Committee on the work done with the Risk Management Committee in the last quarter as well as the current workshops underway to review the Strategic Risk register. Reworked risk documents including risk tolerance/appetite considerations will be presented to the June meeting.

Recommendation:

The Committee noted the update.

2.2 Strategic Risk Report (Danny Wain/Sharon Tzimokas)

The Strategic Risk Report for the 2nd Quarter of 2021/22 was provided to the Committee.

Recommendation:

The Committee noted the report.

3 External Audit / External Reporting

3.1 HLB Mann Judd External Audit strategy and plan

Mark Peters presented to the Committee their planned approach to the audit of the financial report and performance statement for the financial year ending 30 June 2022. He advised no significant changes to the approach or areas to address were noted as a result of their planning work.

4 Internal Audit

4.1 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 and included Curious Eyes publication which contained management comments on relevant publications.

Danny Wain and Martin Thompson gave an update to the committee on the status of the Internal Audit Contract Management and articulated that both sides can see improvements in the service levels and looking forward to presenting the IA KPIs at the June meeting.

Action: Management to provide a comment for the Australian Cyber Security Magazine article on mitigating third party provider risks [Paul Grobler/Fiona Fernandes]

4.2 Summary of Overdue Recommendations (Fiona Fernandes)

The report highlighted that since the last meeting the total number of open actions items have increased by 3 to 29 (previously 26 items). Reasons for the increase in overdue actions were discussed along with the plan to bring back on schedule by the June meeting.

4.3 HR Management Review (Crowe)

In October 2021, a review was undertaken to review the organisation's human resources processes, to assess whether the controls and procedures are operating satisfactorily.

The review found that the current controls in place over HR management practices would benefit from strengthening. Controls were found to be operating well across most areas covered by the review, with a small number of areas where control effectiveness could be improved. The review identified 5 Medium risk findings. The auditors confirmed they were comfortable with the few areas where management differed in their views on actions required to mitigate risk.

4.4 Contract Management - Infrastructure Review (Crowe)

In October 2021, a review was undertaken to assess the adequacy of the:

- Alignment of procurement and contract management policies and procedures.
- Qualitative and quantitative performance measures that have been put in place to enable the contract manager to monitor and measure service delivery.
- Performance review processes in place.
- Compliance with commercial contract conditions.
- Management of contract variations.
- Consistency across the organisation
- Existing internal control processes for the identification and requisition of works for completion; and confirmation of the satisfactory completion of works.

The review found the current controls in place over contract management practices adequate and recommended actions for 4 Medium and 1 Low risk rated findings. The details of the findings can be found in the following report.

Recommendation:

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

Action: For future reports Executive sponsors to include a paragraph in the Exec Summary commenting on their observations from the review. [Crowe]

Moved: Katie Baldwin / John Watson. Carried

5 Internal Control Environment

5.1 Annual reporting of CEO expenses (Danny Wain)

Management provided a periodic update to committee members on CEO expenditure.

6 Executive Briefings

6.1 Presentation by Senior Officers (Deb Cailles)

A presentation on Strategic Risk “Capacity to manage emerging environmental issues” was given to the Committee by the owner of this Strategic Risk- Deb Cailles, Director Infrastructure & Environment.

7 Other Business

7.1 Self-Assessment VAGO Report - 2020-21 LG audit snapshot (The Chair)

Yanthi Nilam briefed the committee on the outcomes of the VAGO report following the 2020-21 financial report and performance statement audits of the local government sector.

Recommendation:

The Committee noted the report.

8 Other Business

8.1 LGPRF Benchmarking report

Maria Isabella and Danny Wain briefed the committee on the LGPRF benchmarking report and highlighted the COVID impacted measures, and their implications for the business.

9 Governance

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

None identified.

10 Meeting Schedule

The Following meeting dates were confirmed by members:

- 14 June 2022, 8.00 - 10.30 am
- 8 September 2022, 8.00 - 10.30 am
- 25 November 2022, 8.00 - 10.30 am

Items for noting

- ARC Annual Work Plan [Opening of Meeting / Procedural]
- Quarterly Finance Report [Financial & External Reporting]
- Approval of Review Scopes [Internal Audit]
- Risk Management Committee minutes – December & February meetings
- Fraud & Corruption Prevention Steering Committee- Nov meeting [Internal Control Environment]
- Self-assessment – VAGO report – Council Waste Management Services [Integrity Body Reports]

Action: Include a date in the ARC Workplan that the Travel/Gift register will be brought to the Committee and for a review of the Fraud Risk Register and annual work plan. **[Fiona Fernandes]**

Recommendation:

The Committee noted the above reports.

11 Meeting Closed at 9:58 AM

CONFIRMED:

ANDREW DIX

Chair

Date: ____ / ____ / ____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team