

# AUDIT & RISK COMMITTEE MINUTES

8:00 – 10:30am Tuesday 23 June, 2020

MS Teams – online meeting

<b>Audit &amp; Risk Committee</b>	
Geoff Harry	Independent Chair
Katie Baldwin	Independent Member
Andrew Dix	Independent Member
Councillor S James	Audit & Risk Committee Member (Mayor)
Councillor G Lake	Audit & Risk Committee Member
Mowen Lee	Observer
John Watson	Observer

<b>Other Attendees</b>	
Andi Diamond	Chief Executive Officer
Danny Wain	Chief Financial Officer
Ossie Martinz	Director Infrastructure
Ross Goeman	Manager Corporate Performance
Greg Talbot	Manager Community Amenity
Leanne Wiebenga	Executive Manager People & Culture
Simone Wickes	Manager Financial Services
Fiona Fernandes	Coordinator Business Assurance
Sharon Tzimokas	Coordinator Risk & Insurance
Martin Thompson	Senior Partner - Audit and Assurance, Crowe
Lynda Cooper	Manager - Risk Consulting Crowe
Sanchu Chummar	Acting Sector Director, LG and Planning - VAGO – External Auditor
Jung H Yau	Manager Financial Audit - VAGO – External Auditor

## 1 Opening of Meeting / Procedural

### 1.1 Apologies

Councillor R Paterson

### 1.2 Disclosure of any Conflict of Interest

None disclosed

### 1.3 Update on Recruitment of Independent Chairperson

The Chair updated the Committee and attendees on the recruitment process and the panel's decision to appoint Andrew Dix as the new Chair for the Committee from 1 July 2020 and John Watson as the new independent member.

### 1.4 Confirmation of minutes as circulated – 3 March 2020

#### **Recommendation:**

The minutes of the Audit & Risk Committee meeting of 3 March 2020 be accepted.

**Moved:** Andrew Dix / Katie Baldwin

## **1.5 Actions 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.

**Action:** present the “LGPRF Benchmarking report” to the committee at the December 2020 meeting [Ross Goeman]

**Action:** Advise the Committee who is conducting the assessment of the effectiveness of the risk management framework, and when a report will be provided to the Committee. [Ross Goeman/Sharon Tzimokas]

### **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.

## **1.7 CEO Briefing- (Focus on Pandemic Management update / Financial impacts)**

The CEO, Andi Diamond, and Manager Community Amenity, Greg Talbot, provided the Committee with an update on Council’s response to COVID-19 and the financial impacts resulting from the pandemic.

Councillor Lake commended the organisation on their response to the pandemic and ensuring that whatever community services could stay open or be delivered during the lockdown, were done so.

## **2 Financial & External Reporting**

### **2.1 Quarterly Finance Report**

The Quarterly Financial Management, Annual Plan and Capital Works Progress Report for the period ending 31 March 2020 was provided to the Committee prior to the meeting. No discussion on this item was undertaken during the meeting.

The Chair commended the Finance team on their consistent and excellent quality of reporting.

## **3 External Audit**

### **3.1 Interim Management letter / Audit Strategy Memorandum (VAGO- Sanchu Kumar)**

VAGO provided the Interim Management Letter, and their planned approach to the audit of the financial report and performance statement for the financial year ending 30 June 2020, to the Committee prior to the meeting. VAGO stated that there would be no changes to the timelines of the 2019/20 audit process after consultation with management.

**Recommendation:**

The Committee notes the report.

**Moved:** Andrew Dix / Cr Lake

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

##### **4.1 Changes in Council's Risk Profile – Key Strategic and Operational Risks**

Ross Goeman presented to the Committee on the Quarter 3 review of the Strategic Risks which was focused on the impact of COVID-19. The update also included 3 operational risk reviews (Community Strengthening, Business Technology & Capital Works) and their response to COVID-19 and the impact on the pandemic to the Local Government Performance Reporting Framework.

The updated Risk Management annual work plan was presented to members and updates were provided on the VAGO – “Local Government Insurance Risks” Report and the outsourced service provider contracts risk.

There was discussion amongst members on the re-assessment of the control effectiveness of risks as a result of COVID-19.

**Action:-** Evaluate the Covid impact on current controls and control effectiveness [Ross Goeman/Sharon Tzimokas]

**Action:-** Provide evidence to support managements views on control effectiveness [Ross Goeman/Sharon Tzimokas]

**Action:-** Internal audit to review relevant controls and control effectiveness listed, where possible, as part of conducting their IA work plan [Crowe]

##### **4.2 People & Culture Dashboard report [Leanne Wiebenga]**

The People & Culture Dashboard report for July-December 2019 was provided to the committee prior to the meeting. No discussion on this item was undertaken during the meeting.

**Recommendation:**

The Committee notes the Risk Management update provided to the Committee.

#### **5 Internal Audit**

##### **5.1 Status of Internal Audit Plan for 2019/20 (Crowe)**

Crowe issued a status report for the current year's Audit Plan and stated that the fieldwork of the Animal Management was near completion.

## 5.2 2020/21 Internal Audit Plan (Crowe)

The updated 2020/21 was presented to the Committee for endorsement and to be forwarded to Council for approval at the next Council meeting. Committee members requested that the IAP provide more context on what discussion/assessments have been done on COVID-19 impact to the 2020/21 plan.

**Action:** Crowe to update the 2020/21 IAP with more context surrounding the COVID-19 impact and consideration of VAGO and other external agency performance reviews for 2020/21 [Ross Goeman/Crowe]

## 5.3 Approval of new Review Scopes

The 'approval of scope' table was provided to the committee prior to the meeting. No discussion on this item was undertaken during the meeting.

## 5.4 Status of Open Recommendations.

The status of Open Recommendations report, and the update on "High" risk recommendations from the Tree Management Audit, were provided to the Committee prior to the meeting. A short discussion was held on one of the outstanding Tree Management action item. Discussion on this item was undertaken during the meeting.

**Action:** to provide the Committee with a close out report for the two Community Infrastructure and one Project Management "High" priority action items articulating that the risks identified in the audit review have been mitigated. [Fiona Fernandes]

## 5.5 Capital Works Review

In February 2020, a review was undertaken to review the adequacy of the various processes that have been put in place, to develop, manage and control the capital works program. The review identified six controls that should be implemented and/or improved to reduce the identified weaknesses and exposures. The Chair and Cr Lake acknowledged the positive review and the work done by the organisation over the past few years to implement good governance into the capital work process.

### **Recommendation:**

The Committee notes the Audit reports tabled and the management actions outlined in the reports. The Committee to endorse the 2020-21 Internal Audit plan (subject to additional information being provided to the committee) and forward to Council for approval at the next Council meeting

**Moved:** Andrew Dix/ Katie Baldwin

## **6 Integrity Body Reports**

### **6.1 Briefing on New Pool Regulations**

An update was provided to the Committee on the new Building Regulations came into effect on 1 December 2019 as planned following consultation introducing pool and spa registration and compliance. The briefing paper was provided to the Committee prior to the meeting. No discussion on this item was undertaken during the meeting.

### **6.2 Briefing on proposed Industrial manslaughter laws for OHS**

An update was provided to the Committee on the the Industrial Manslaughter legislation will apply to Victorian workplaces from 1 July, 2020. The briefing paper was provided to the Committee prior to the meeting. No discussion on this item was undertaken during the meeting.

### **6.3 Self-assessment – VAGO Report on Developer Contributions**

A self-assessment on the VAGO report on Developer Contributions was provided to the Committee prior to the meeting. No discussion on this item was undertaken during the meeting.

### **6.4 Briefing paper re VAGO Personnel Security Report and Vic Ombudsman report on Ballarat City Council**

A briefing paper on the VAGO Personnel Security Report and Vic Ombudsman report on Ballarat City Council was provided to the Committee prior to the meeting. No discussion on this item was undertaken during the meeting.

## **7 Compliance Management**

Leanne Wiebenga provided the Committee with a verbal update on the overhaul of the Recruitment Framework and council's position on mandatory reference checking an, statutory declarations of prospective employees. The Committee was informed that the planned 2020/21 internal audit review on Recruitment will cover these aspects and provide council with guidance on best practice for the sector.

## **8 Governance**

### **8.1 Identify any confidential items for separate minuting (Geoff Harry)**

None identified

### **8.2 Discussion on potential ARC Strategy Meeting in July 2020**

Members discussed the value of a strategy meeting with key management and Committee members on the future direction of the Committee. There was positive support for more members only meeting in line with scheduled Committee meeting or annually.

**Action:** The Committee to start the December meeting with a 30-minute discussion regarding ways to improve Committee efficiency and effectiveness. Chair to have discussions with members individually beforehand to prepare a strawman of proposed changes [**Committee members**]

### **8.3 ARC Charter and LG Act 2020**

A briefing paper was provided to the Committee on the adoption of the Local Government Act 2020 and the changes to the Audit & Risk Committee specifically relating to the adoption of a new Charter and the appointment of independent members. The briefing paper was provided to the Committee prior to the meeting. No discussion on this item was undertaken during the meeting.

**Action:** Amend the work plan to ensure it complies with the new LG act 2020 and to put the implementation of the LG Act 2020 as a standing agenda item for the next few committee meetings [**Fiona Fernandes**].

### **9 Next meeting dates**

11 August 2020, 8.00 - 10.30 am  
1 December 2020, 8.00 - 10.30 am  
2 March 2021, 8.00 - 10.30 am  
22 June 2021, 8.00 - 10.30 am

It was determined that the August 2020 meeting would also be conducted on-line.

### **10 In Camera discussion between ARC members**

None.

### **11 Note of Thanks**

There was a note of thanks and best wishes for the outgoing Chair (Geoff Harry) and observer member (Mowen Lee) from Andrew Dix, Katie Baldwin, Andi Diamond, Cr Lake and Cr James. All outlined the outstanding leadership Mr Harry provided to the Committee over the past 6 years and elevated the performance of the Audit & Risk Committee for Council.

### **12 Meeting Closed at 10:34 AM**

CONFIRMED:

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GEOFF HARRY

Chair

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Distribution List:**

Audit & Risk Committee  
Meeting Attendees  
Executive Leadership Team