AUDIT & RISK COMMITTEE MINUTES
8:00 – 10:30am Tuesday 3 December 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 Stuart James	Audit & Risk Committee Member (Mayor)
Councillor Geoff Lake	Audit & Risk Committee Member
Councillor Rebecca Paterson	Audit & Risk Committee Member
Mowen Lee	Independent Observer Member

Other Attendees	
Andi Diamond	Chief Executive Officer
Julie Salomon	Director Community Development & Services
Ossie Martinz	Director Infrastructure
Leanne Wiebenga	Executive Manager – People & Culture
Jarrod Doake	Chief Operating Officer
Ross Goeman	Acting Chief Financial Officer
Simone Wickes	Manager Financial Services
Jason Farrugia	Manager Strategic Procurement
Lucas Skelton	Manager Horticulture Services
Chris Thompson	Manager Children, Youth and Family Services
Paul Grobler	Manager Business Technology
Sharon Tzimokas	Coordinator Risk & Insurance
Maria Isabella	Coordinator Corporate Performance and Reporting
Lee Kibeiks	Corporate Safety Lead
Martin Thompson	Senior Partner - Audit and Assurance Crowe
Lynda Cooper	Manager - Risk Consulting Crowe
Jonathan Kyvelidis	Sector Director, LG and Planning - VAGO – External Auditor
Ryan Green	LG Performance Audit VAGO – External Auditor

1   Opening of Meeting / Procedural

1.1   Apologies

Fiona Fernandes, Danny Wain, Sanchu Chummar, James Bennett

1.2   Welcome new members to Committee

The Chair welcomed new member and Mayor Cr Stuart James to his first Committee meeting at Council and congratulated Katie Baldwin on her reappointment as independent member.

1.3   Disclosure of any Conflict of Interest

The Chair informed the Committee that he was appointed to the Audit Committee at Bayside City Council.

1.4   Confirmation of minutes as circulated – 13 August 2019

Recommendation:
The minutes of the Audit & Risk Committee meeting of 13 August 2019 be accepted.

Moved: Katie Baldwin / Andrew Dix. 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. Management informed the Committee that that Risk Management documentation articulated as part of the response to the Risk Management Audit would be taken to Council in February 2020.

Recommendation:
The Committee noted 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 noted the report.

1.7   CEO Briefing

Andi Diamond presented an update to the Committee on several matters including;
- South East Melbourne Group
- Risk to staff responding to and managing homelessness and challenging behaviour around the municipality
- Best Chance exiting the Kindergarten service

Recommendation:
The Committee noted the briefing.

2   Financial & External Reporting

2.1   LGPRF Benchmarking report (Maria Isabella)

The 2019 LGPRF benchmarking report was presented to the Committee. There was discussion about the timeliness of the report to be distributed to Councillors prior to going public.

Action: The Committee requested that in future, an action plan be provided within the report for areas of improvement **[Ross Goeman / Maria Isabella]**

Recommendation:
The Committee noted the report.

2.2 Quarterly Finance Report (Simone Wickes)

The September Quarter Finance report was presented to the Committee.

Recommendation:
The Committee noted the Finance report

3 External Audit

3.1 Other matters – including Performance Audit Reports (Ryan Green)

Ryan Green from VAGO outlined the VAGO Performance Audits for next year and was seeking feedback from Council on the plan.

4 Risk Management / Ethical Behaviour

4.1 Review of the Risk Management Framework (Ross Goeman)

Ross presented the Enterprise Risk & Opportunity Management Framework and the Procedures Manual which provide greater strategic guidance and places more emphasis on both the involvement of senior management and the integration of risk management into the organisation. Both these documents were approved by the Executive Leadership Team. The Committee congratulated management on the progress made in this area, and for the clarity in the documents. For future revisions, the Committee suggested further consideration be given to clarify the roles and responsibilities regarding the determination, and approval of the key strategic risks. Risk appetite was also noted as requiring further development.

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

Ross also presented to the Committee the new look Strategic Risk Update which provides a summary of Council's Strategic Risk Register and Profiles. The Register is a summary of what could prevent the achievement of Council's Strategic Objectives given the wider social, political and financial environment we are operating in. The Committee supported the risk profile presented. Discussion was had around the need to ensure the risk ratings adequately differentiated between each risk.

4.3   Other Risk Management Matters (Ross Goeman)

The Committee were provided three briefing papers:

- a risk assessment surrounding "controls over outsourced service arrangements" particularly in relation to data loss and privacy breaches.

- notification that management were aware of the IBAC Investigation, Operation Sandon, in relation to planning and property development decisions at Casey City Council and that a self-assessment will be provided to the committee once a formal report from IBAC was released.

- briefing to the committee on the Library cyber security incident.

Action: The Committee requested the following items be presented at the March 2020 meeting:
- Update from Manager Business Technology on his application of the Risk framework to cyber security risk and completed actions from the Libraries cyber security incident **[Paul Grobler]**
- Update on outsourced contract risk (3rd party providers) including management processes to ensure their compliance to required controls. **[Ross Goeman]**
- Risk Management Unit's annual work plan **[Sharon Tzimokas]**
- Expand the Risk update to include top 5 Operational Risks **[Sharon Tzimokas]**

4.4   OHS and Workforce Dashboard (Leanne Wiebenga)

Leanne Wiebenga presented the 2018/19 Health & Safety Dashboard report to the Committee. The report highlighted some key lag and lead indicators, continuous improvement opportunities and was well received.

5   Internal Audit

5.1   3 Year (2019-22) Draft Strategic Internal Audit Plan (Crowe)

Crowe presented the 3 year Strategic Internal Audit Plan for comment by members following completion of the Assurance Mapping project. Projects identified address gaps identified in the Assurance mapping exercise and cover key controls identified to mitigate Strategic Risks. Discussion was held about moving around the timing of some of the audits and fitting into the resourcing of the auditors.

Recommendation:
That the Committee endorsed the Strategic Internal Audit Plan and recommended it be forwarded to Council for approval following further discussions held between management and members on alternate audits to be included as part of the plan.

Moved: Rebecca Paterson / Andrew Dix. Carried

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

Crowe provided a status report on the delivery of the current year's Internal Audit Plan.

5.3   Approval of new Review Scopes (Ross Goeman)

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

5.4   Status of Open Recommendations (Ross Goeman)

The report highlighted that since the last meeting the total number of open actions items have decreased by 9 to 35 (previously 44 items).

5.5   Child Safe Standards Review (Crowe / Julie Salomon)

Crowe undertook a review was undertaken of Monash's practices and processes for implementing and complying with the Child Safe Standards issued by the Department of Health and Human Services.

It was found that the current processes in place over the management of Child Safe Standards maintained by Monash would benefit from further strengthening. The review identified five controls that should be implemented and/or improved to reduce the identified weaknesses and exposure. Management actions identified in the Audit have all been completed.

5.6   Assurance Mapping Review (Crowe / Danny Wain)

Crowe undertook a review to map the documented assurance activities (July 2016 – June 2019) against the current Strategic Risk Register (updated in mid-2019) across the three lines of defence to understand the level of coverage. Areas for strengthening assurance were identified and these have been incorporated into the Strategic Internal Audit Plan. The assurance mapping review identified independent reviews that had been conducted over strategic risk areas over recent years in addition to those performed by internal audit. It also noted that management operated second line of defence processes were still under development.

Action: It was agreed that the scopes of all future Internal Audits should include specific reference and reporting back to the Committee on management second line of defence processes. **[Crowe]**

5.7   Tree Management Review (Crowe / Ossie Martinz)

Crowe undertook a review the procedures and practices around the management of trees to assess whether the controls and processes are operating satisfactorily. The Audit identified ten controls that should be implemented to reduce identified

weaknesses and exposure. The management comments for the report are still in draft with the final report to be tabled at the March 2020 meeting.

Recommendation:
That the Committee noted the abovementioned reports and reviews presented by the Internal Auditors and note that management will finalise its actions and report these to the March Committee meeting.

Moved: Rebecca Paterson / Andrew Dix. Carried

6   Internal Control Environment

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

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

7   Compliance Management

7.1   Report on any Key Non-compliance with Legislation and Council policies (Ross Goeman)

The committee was provided with an update on the progress of the Legislative Compliance project and the framework document which was approved by the Executive Leadership team for feedback and comment by committee members.

Action: The Committee requested an update be provided on the Legislative Compliance project roll out at the March 2020 meeting. **[Ross Goeman]**

8   Executive Briefings

8.1   ELT Briefing – Infrastructure (Ossie Martinz)

Ossie Martinz presented to the Committee on the areas of responsibility, key services delivered and key operational and strategic risks for Infrastructure.

9   Integrity Body Reports

9.1   Self-assessment IBAC report: Review of integrity frameworks in six Victorian councils (Ross Goeman)

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 and August 2019 meetings and focused on all points made in the report under "Good practices observed & other good practice observations.

Action: The Committee asked management to bring back an update on the progress of actions noted in the self-assessment **[Fiona Fernandes]**

9.2 Self-assessment VAGO report: Reporting on Local Government Performance (Ross Goeman)

The Committee noted the self-assessment conducted by Council following the release of the VAGO report "Reporting on Local Government Performance". The report detailed findings from an audit of five (5) Councils to assess if the key performance indicators (KPIs) from the Local Government Performance Reporting Framework (LGPRF) are relevant and provide accurate, timely, easy to understand information to stakeholders and whether Councils are using the LGPRF to drive performance improvement. The Committee were also provided for feedback, a draft Performance Reporting Framework which sets out a formal approach of how Monash City Council will manage and monitor the LGPRF and the Customer Service Guarantee (CSG).

9.3 Self-Assessment VAGO Report - Fraud and Corruption Control – Local Government (Ross Goeman)

Management provided the Committee with a self-assessment following the release of the VAGO report "Fraud and Corruption Control – Local Government". The report primarily focuses on expenditure and processes involving senior council staff and councillors and reviews fraud and corruption controls and measures in key areas. Council's Fraud & Corruption Working group evaluated the findings within the report and self-assessed Council's processes and controls to mitigate the gaps identified within the report.

9.4 Self-Assessment IBAC Special Report "corruption risks associated with procurement in Local Government" (Jason Farrugia)

The Committee noted the self-assessment conducted by Council following the release of the IBAC report on corruption risks associated with procurement in Local Government.

10 Governance

10.1 Reappointment of Independent Member and Recruitment of Independent Chairperson (Danny Wain)

A briefing paper was presented to the committee on Council's decision to reappoint Ms Katie Baldwin as an Independent member of Council's Audit & Risk Committee for a 3 year period ending 30 June 2023 and commence the advertising, recruitment and selection process for appointment of an Independent Chairperson member from 1 July 2020.

10.2 Committee Chairperson presentation to Council on Committee Activities (Geoff Harry)

The Committee received the presentation pack the Chair used to give his annual update to Councillors on 12th November 2019.

10.3 Change in date for June 2020 meeting (Geoff Harry)

Action: The date for the June 2020 meeting is to be changed to the 23rd of June 2020 commencing at 8 am.

10.4 Councillor NoM - Terms of Reference for advisory committees (Ross Goeman)

The committee acknowledged Council's decision (Notice of Motion) at the 24 September 2019 Council meeting, and recommended that the Committee be exempted from the requirement on the basis it already reports publically in the Annual Report and each year the Chairperson directly engages Councillors to apprise them of the Committee's activities and key insights into the Committee's work. This exemption will remove the need for an additional report to Council as the Committee already meets the intention of this Notice of Motion.

Recommendation:

That the Committee agreed to recommend to Council that it be exempted from the requirement for an additional annual report to Council.

Moved: Katie Baldwin / Rebecca Paterson. Carried

11 Meeting Schedule

The Following meeting dates were confirmed by members:
3 March 2020, 8.00 - 10.30 am
23 June 2020, 8.00 - 10.30 am
11 August 2020, 8.00 - 10.30 am

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

The committee members, together with Ross Goeman and Ossie Martinz discussed a confidential item, following the departure of other attendees.

13 Meeting Closed at 11:10 AM

CONFIRMED:

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GEOFF HARRY
Chair
Date: _____ / _____ / _____

Distribution List:

Audit & Risk Committee
Meeting Attendees
Executive Leadership Team