



Murrindindi
Shire Council

Audit and Risk Committee Meeting

Minutes

Thursday 9 May 2024
Alexandra Meeting Room
28 Perkins Street
3:00 PM

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1 WELCOME AND RECOGNITION OF COUNTRY

The Audit and Risk Committee meeting was opened with the temporary Chair declaring the following Pledge:

“I would like to welcome you all to the Audit and Risk Committee Meeting, on behalf of the Committee I would like to acknowledge the Taungurung and Wurundjeri people as the traditional custodians of the land we now call Murrindindi Shire.

We pay our respects to First Nations leaders and elders, past, present and emerging.”

2 APOLOGIES AND REQUEST FOR LEAVE OF ABSENCE

There were no requests for leave of absence tendered.

Apologies:

Cr S McAulay

Present:

Mr S Schinck (Chair), Mr C Baxter, Mr C Nisbet, Cr J Walsh (Virtual)

In attendance:

Chief Executive Officer: Livia Bonazzi

Director Assets & environment: Caroline Lintott

Manager Governance and Risk: Amanda Vogt

Coordinator Integrity & Governance: David Echeverry (Virtual)

Tyson Holt, RSD Audit (Virtual)

Makeesh Silva, RSD Audit (Virtual)

Kapil Kukreja, HLB Mann Judd (Virtual)

Mayor Cr Damien Gallagher

3 DISCLOSURE OF INTEREST OR CONFLICT OF INTEREST

Nil to report.

4 CONFIRMATION OF MINUTES

4.1 Confirmation of Minutes

Minutes of the Audit and Risk Committee Meeting held on 14 March 2024.

RESOLUTION

C Baxter/ S Schinck

That the minutes of the Audit and Risk Committee Meeting held on 14 March 2024 be confirmed.

CARRIED

5 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES

Nil to report.

6 RISK MANAGEMENT

6.1 CEO's Questionnaire

Attachment(s)	1. Audit and Risk Committee - CEO Questionnaire - 30 April 2024 - CEO Signed [6.1.1 - 3 pages]
Presenter	Livia Bonazzi, Chief Executive Officer
Approved by	Chief Executive Officer
Purpose	For noting

The Chief Executive Officer will present this at the meeting.

RESOLUTION

S Schinck / C Baxter
That the Audit and Risk Committee note the Chief Executive Officer's Questionnaire to Directors.

CARRIED

6.2 CEO's Update

Attachment(s)	Nil
Presenter	Livia Bonazzi, Chief Executive Officer
Approved by	Chief Executive Officer
Purpose	For noting

The Chief Executive Officer provided a verbal update on the following matters:

- Data security incident
- Draft budget challenges
- State and Federal inquiries into the financial sustainability of councils
- Election Caretaker period.

RESOLUTION

C Baxter/ S Schinck
That the Audit and Risk Committee note the Chief Executive Officer's update.

CARRIED

6.3 Review Risk Register

Attachment(s)	1. Attachment 1 - Strategic Risk Heatmap Report - March- April 2024 [6.3.1 - 13 pages] 2. Attachment 2 - Operational Risk Heatmap Report - March- April 2024 [6.3.2 - 7 pages]
Presenter	David Echeverry, Coordinator Integrity & Governance
Approved by	Michael Chesworth, Director People & Corporate Performance
Purpose	For noting

Executive Summary

This report provides an update on how Council is managing its outside appetite strategic and operational risks and any emerging risks that have been identified.

The Enterprise Risk Management Committee (ERMC) made some changes to strategic risks: *Failure to meet Council's financial obligations and long-term sustainability, Increased vulnerability and financial exposure to the effects of climate change, and BCP - Cyber-attack (system down, data loss, financial loss)*. This is to reflect the changes in the environment and Council's ability to mitigate these risks with the resources that are available.

In Operational Risk Register, the ERMC agreed to update OR-80 from 'A client or member of the public is injured or dies because of unsafe or inappropriate delivery of services' to 'Council is found negligent when a member of the public is injured or dies'. The updated description and subsequent assessment identify the risk to Council more accurately.

RESOLUTION

C Baxter / C Nisbet

That the Audit and Risk Committee note the Risk Report as contained in Attachments 6.3.1 and 6.3.2.

CARRIED

6.4 Reports & Publications of Interest to Local Councils

Attachment(s)	1. Local Government - Recent Reports and Publications - May 2024 [6.4.1 - 14 pages]
Presenter	HLB Mann Judd
Approved by	Amanda Vogt, Manager Governance and Risk
Purpose	For information

HLB Mann Judd presented this report.

RESOLUTION

C Nisbet / C Baxter

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd.

CARRIED

7 AUDITS - INTERNAL

7.1 Review Internal Audit Reports & Management Responses

Attachment(s)	Nil
Presenter	Amanda Vogt, Manager Governance and Risk
Approved by	Amanda Vogt, Manager Governance and Risk
Purpose	For noting

Management and the internal auditors are working on the recommendations and management responses for the Review of Project Management Internal Audit report. This report will be presented to the Audit and Risk Committee for feedback at the September 2024 meeting.

RESOLUTION

C Baxter / S Schinck

That the Audit and Risk Committee note that the “Review of Project Management” Internal Audit Report will be presented at the September 2024 Audit and Risk Committee meeting.

CARRIED

7.2 Follow up Significant Issues Raised by Internal Audit

Nil to report.

7.3 Review Implementation of Previous Audit Actions

Attachment(s)	1. Attachment 1 - Audit Recommendations Summary Report - March-April 2024 [7.3.1 - 16 pages]
Presenter	Amanda Vogt, Manager Governance and Risk
Approved by	Michael Chesworth, Director People and Corporate Performance
Purpose	For noting

Executive Summary

This report provides an update on the implementation of previous audit actions. As at 30 April 2024, 20% of Actions are overdue, 11% are scheduled for completion and 69% are complete. In particular, good progress has been made on the:

- Cyber-security recommendation to address the risk of malicious Macros with progress increasing from 60% to 90% complete.
- Waste and landfill management policies and procedures recommendation which is now at 95% complete; and
- Asset management building condition audit which is now at 95% completion.

RESOLUTION

S Schinck / C Nisbet

That the Audit and Risk Committee note the Internal Audit Recommendations Summary report – May 2024 as contained in Attachment 7.3.1.

CARRIED

8 AUDITS - EXTERNAL

8.1 Consider External Auditors Comments on Control Environment & Management Letters

Attachment(s)	1. Attachment 1 – MSC – Interim management letter [8.1.1 – 9 pages]
Presenter	RSD Audit
Approved by	Michael Chesworth, Director People & Corporate Performance
Purpose	For noting

RSD Audit presented this report.

RESOLUTION

S Schinck / C Baxter

That the Audit and Risk Committee note the Interim Management Letter from the external auditors as contained in Attachments 8.1.1

CARRIED

9 FINANCIAL REPORT

9.1 Review Quarterly Financial Statement

Attachment(s)	1. Attachment 1 - Q3 Finance Statement March 2024 [9.1.1 - 4 pages]
Presenter	Dennis O’Keeffe, Interim Manager Business Services

Approved by Michael Chesworth, Director People and Corporate Performance
 Purpose For noting

Executive Summary

This report provides the quarterly financial report for the period ending 31 March 2024 as noted at the 24 April 2024 Scheduled Meeting of Council.

RESOLUTION

S Schinck / C Baxter

That the Audit and Risk Committee note the Quarterly Financial Report to 31 March 2024.

CARRIED

9.2 Review Significant Accounting & Reporting Issues

Nil to report

9.3 Review Draft of Annual Budget

Attachment(s) 1. Attachment 1 - Draft Budget 2024-25 [9.3.1 - 115 pages]
 Presenter Michael Chesworth, Director People and Corporate Performance
 Approved by Michael Chesworth, Director People and Corporate Performance
 Purpose For noting

Executive Summary

This report is to present the draft 2024/25 Annual Budget (draft Budget) to the Audit and Risk Committee, which was approved for public exhibition at the Scheduled Meeting of Council held on 24 April 2024.

RESOLUTION

C Baxter/ C Nisbet

That the Audit and Risk Committee note the Draft 2024/25 Annual Budget as contained in Attachment 8.3.1.

CARRIED

9.4 Review of CEO & Executive Assistant's Credit Card Expenditure

Attachment(s)	Nil
Presenter	Dennis O'Keeffe, Interim Manager Business Services
Approved by	Michael Chesworth, Director People and Corporate Performance
Purpose	For noting

Executive Summary

The purpose of this report is to provide the Audit and Risk Committee with a summary of the Chief Executive Officer (CEO) and CEO's Executive Assistants' (EA's) credit card transactions for noting.

RESOLUTION

S Schinck / C Nisbet

That the Audit and Risk Committee note that the Chief Executive Officer's and the CEO's Executive Assistants' credit card transactions for the period 1 January 2024 to 31 March 2024 have been appropriately approved.

CARRIED

10 MANAGEMENT REPORTING

10.1 Review Other Integrity Policies & Procedures: Privacy Policy

Attachment(s):

- Attachment 1 - Privacy Policy - Draft 2024 [10.1.1 - 9 pages]

Presenter	David Echeverry, Coordinator Integrity & Governance
Approved by	Michael Chesworth, Director People and Corporate Performance
Purpose	For noting

Executive Summary

The purpose of this report is to seek the Audit and Risk Committee's feedback on the revised Draft Privacy Policy 2024 update.

RESOLUTION

C Nisbet / C Baxter

That the Audit and Risk Committee provide feedback on the revised Privacy Policy contained in Attachment 10.1.1.

CARRIED

11 GENERAL BUSINESS AND FUTURE PLANNING

11.1 Establish/Schedule Meeting for Forthcoming Year

Attachment(s)	Nil
Presenter	Amanda Vogt, Manager Governance & Risk
Approved by	Michael Chesworth, Director People and Corporate Performance
Purpose	For decision

Executive Summary

This item seeks feedback on the proposed Audit and Risk Committee Schedule of Meetings for the 2024/25 financial year.

RESOLUTION

S Schinck / C Nisbett

That the following meeting dates be adopted for the 2024/25 financial year:

- 12 September 2024, 1.00 pm
- 5 December 2024, 3.00 pm
- 13 March 2025, 3.00 pm
- 8 May 2025, 3.00 pm

CARRIED

11.2 Review Audit Committee Annual Plan

Attachment(s)	1. Attachment 1 - Audit Risk Advisory Committee Annual Plan 2023 24 2025 26 [11.2.1 - 2 pages]
Presenter	Amanda Vogt, Manager Governance & Risk
Approved by	Michael Chesworth, Director People and Corporate Performance
Purpose	For endorsement

Executive Summary

In May each year the Audit and Risk Committee reviews its 2-year rolling work plan and agrees the Annual Plan for the upcoming financial year. The Annual Plan forms the basis of meeting agendas throughout the year and ensures that the Committee is briefed on matters relating to its oversight responsibilities under the Charter. The 2024/25 Annual Plan has been prepared and this paper seeks the Committees feedback and endorsement of the Annual Plan.

RESOLUTION

S Schinck/ C Nisbett

That the Audit and Risk Committee endorse its 2024/25 Annual Plan.

CARRIED

11.3 Review/Assess Adequacy of Audit Committee Charter

Attachment(s) 1. Murrindindi Shire Council Audit and Risk Committee Charter [11.3.1 - 15 pages]

Presenter Amanda Vogt, Manager Governance & Risk

Approved by Michael Chesworth, Director People and Corporate Performance

Purpose For decision

Executive Summary

Section 54 of the *Local Government Act 2020* requires the Audit and Risk Committee to have a Charter that outlines the Committee's responsibilities and areas of oversight. The 2023/24 Annual Plan requires the Charter to be reviewed in May each year. The purpose of this report is to present the annual review of the Audit and Risk Committee Charter to the Committee for feedback and endorsement.

RESOLUTION

C Nisbet/ S Schinck

That the Audit and Risk Committee:

- 1. endorse the revised Audit and Risk Committee Charter**
- 2. recommend the revised Charter to Council for adoption.**

CARRIED

12 COMMITTEE REPORTING

12.1 Biannual Audit and Risk Committee Report

Attachment(s) Nil

Presenter S Schinck

Approved by S Schinck

Purpose For noting

Executive Summary

This report is provided in accordance with the *Local Government Act 2020 (Act)*, Section 54 (5a) and describes the activities of the Audit and Risk Committee for the second half of 2023 and includes Committee findings and recommendations.

RESOLUTION**S Schinck / C Nisbet**

That the Audit and Risk Committee note the Committee's July to December 2023 Biannual Report and recommend that that it be presented to Council at the 26 June 2024 Scheduled Meeting.

CARRIED**13 NEXT MEETING****13.1 Next Meeting**

The next meeting of the Audit and Risk Committee will be 12 September 2024 at 1.00pm

The meeting was closed at 4.20pm.

CONFIRMED THIS**CHAIRPERSON S Schinck**