



Murrindindi
Shire Council

Audit and Risk Committee Meeting

Minutes

Thursday 9 March 2023
Alexandra Meeting Room
Perkins Street
3:00 PM

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Subject to Confirmation

1 WELCOME AND RECOGNITION OF COUNTRY

The Audit and Risk Committee meeting was opened with the 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 apologies or requests for leave of absence tendered.

Present:

Dr C Nisbet (Chair), Mr S Schinck, Mr C Baxter, Cr S Carpenter, Cr D Gallagher

In attendance:

Chief Executive Officer: Livia Bonazzi

Director Corporate and Shared Services: Michael Chesworth

Manager Governance and Risk: Tara Carter

Manager Business Services: Cheryl Nickels Beattie

Coordinator Integrity & Governance: David Echeverry

Mayor: Cr J Walsh

3 DISCLOSURE OF INTEREST OR CONFLICT OF INTEREST

Nil.

4 CONFIRMATION OF MINUTES

4.1 Confirmation of Minutes

Minutes of the Audit and Risk Committee Meeting held on 8 December 2022.

RESOLUTION

C Baxter / S Schinck

That the minutes of the Audit and Risk Committee Meeting held on 8 December 2022 be confirmed.

CARRIED

5 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES

6 RISK MANAGEMENT

6.1 CEO's Questionnaire

Attachment(s)	Attachment 1 - Audit and Risk Committee - CEO Questionnaire - 28 February 2023 [6.1.1 - 3 pages]
Presenter	L Bonazzi, Chief Executive Officer
Approved by	Chief Executive Officer
Purpose	For decision

The Chief Executive Officer will present this at the meeting.

RESOLUTION

C Baxter / S Schinck
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	L Bonazzi, Chief Executive Officer
Approved by	Chief Executive Officer
Purpose	For noting

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

- October Floods
- Flowerdale Fire
- Submission to Federal Senate Committee - Road Resiliency Inquiry
- Submission to Victorian Grants Commission
- Deliberative engagement- Eildon Reserve Redevelopment

RESOLUTION

C Baxter / Cr D Gallagher

That the Audit and Risk Committee:

1. note the Chief Executive Officer's update
2. note the Chief Executive Officer is leading an internal review based on findings from the Inquiry into Moira Shire Council
3. request the Internal Auditor to conduct a high-level culture survey including Audit and Risk Committee independent members, Leadership Team members and Councillors
4. refer the survey and process to the Chief Executive Officer for consideration as to whether to incorporate into regular business of the Committee.

CARRIED

The Chair requested that the Agenda order be altered to enable RSD Audit representatives to present.

8 AUDITS - EXTERNAL

8.1 Review Auditors Proposed Scope & Approach

Attachment(s)	Attachment 1 - P.2 - Audit Strategy Memorandum [8.1.1 - 26 pages]
Presenter	RSD Audit
Approved by	Director Corporate & Shared Services
Purpose	For noting

RSD Audit will present this report at the meeting.

RESOLUTION

S Schinck / C Baxter

That the Audit and Risk Committee note the Murrindindi Shire Council Audit Strategy Memorandum as contained in Attachment 8.1.1.

CARRIED

6.3 Review Risk Register

Attachment(s)	Attachment 1 - Risk Heatmap Report - Out of Appetite 2023-03-01 [6.3.1 - 28 pages]
Presenter	D Echeverry, Coordinator Integrity & Governance
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

The purpose of this report is to provide the Audit and Risk Committee with an update on the management of Council's Strategic and Operational Risk Registers.

RESOLUTION

Cr D Gallagher / Cr S McAulay

That the Audit and Risk Committee:

- 1. note the Risk Heatmap Report - Out of Appetite 2023-03-01**
- 2. request a review of the Risk Appetite Statement be undertaken by the Committee and Council.**

CARRIED

6.4 Review Business Continuity Plan

Attachment(s)	Attachment 1 - BCP - Business Continuity Plan - V 5.3 - March 2022 [6.4.1 - 46 pages]
Presenter	M Chesworth, Director Corporate & Shared Services
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

The purpose of this report is to provide the Audit and Risk Committee with an overview of the status and effectiveness of Business Continuity Planning at Murrindindi Shire Council.

RESOLUTION

C Baxter / S Schinck

That the Audit and Risk Committee note the Review of the Business Continuity Plan report.

CARRIED

6.5 Review Investment & Borrowing Policies

Attachment(s)	Attachment 1 - Policy - Investment - Adopted - 2022-05-23 [6.5.1 - 4 pages] Attachment 2 - Policy - Borrowings - 2022 - Adopted - 2022-04-27 [6.5.2 - 3 pages]
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

The purpose of this report is to inform the Audit and Risk Committee's annual review of the adopted Investment Policy and Borrowings Policy, to ensure that Council's investments and borrowings are managed in accordance with its legislative responsibilities.

RESOLUTION

C Baxter / S Schinck

That the Audit and Risk Committee note:

1. the review of the Investment Policy and Borrowing Policy
2. the need for management to review the level of working capital as part of the Long Term Financial Plan by June 2024.

CARRIED

6.7 Reports & Publications of Interest to Local Council's

Attachment(s)	Attachment 1 - Local Government - Recent Reports and Publications (Feb 2023) [6.7.1 - 18 pages]
Presenter	HLB Mann Judd
Approved by	Manager Governance & Risk
Purpose	For information

HLB Mann Judd will present this report.

RESOLUTION

Cr S Carpenter / Cr D Gallagher

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

CARRIED

6.8 Review of CEO Credit Card Expenditure

Attachment(s)	Nil
Presenter	C Nickels-Beattie
Approved by	Director Corporate & Shared Services
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's (CEO) credit card transactions for noting.

RESOLUTION

C Baxter / Cr D Gallagher

That the Audit and Risk Committee note that the Chief Executive Officer's and the CEO's Executive Assistant's credit card transactions for the period 1 October 2022 to 31 December 2022 have been appropriately approved.

CARRIED

6.9 Cyber Security Update

Attachment(s)	Nil
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

This report provides an update in relation to cyber security, including an update on the actions following the Essential Eight internal audit, penetration testing and recent potential cyber security events.

RESOLUTION

C Baxter / Cr D Gallagher

That the Audit and Risk Committee note the report.

CARRIED

6.10 Policy Review - Credit Card Policy

Attachment(s)	Attachment 1 - Policy Corporate Credit Card 2 March 2023 [6.10.1 - 7 pages]
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

This report requests the Audit and Risk Committee's review of the Credit Card Policy.

RESOLUTION

S Schinck / Cr D Gallagher
That Audit and Risk Committee note the review of the draft Credit Card Policy.

CARRIED

6.11 Policy Review - Financial Reserves

Attachment(s)	Attachment 1 - Draft Policy Financial Reserves Draft Sep 2022 Revision 1 [6.11.1 - 6 pages]
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

This report provides the Audit and Risk Committee with the review of the Financial Reserves Policy.

RESOLUTION

C Baxter / Cr S McAulay
That Audit and Risk Committee note the review of the draft Financial Reserves Policy.

CARRIED

7 AUDITS - INTERNAL

7.1 Review & Recommend Internal Audit Plan & Resourcing

Attachment(s)	Attachment 1 - Draft - Murrindindi Shire Council Strategic Internal Audit Plan (Focus 2023) [7.1.1 - 15 pages]
Presenter	HLB Mann Judd
Approved by	Director Corporate & Shared Services
Purpose	For noting

The Strategic Internal Audit Plan (Focus 2023) will be presented in the meeting by HLB Mann Judd for the Committee's endorsement.

RESOLUTION

C Baxter / S Schinck
That the Audit and Risk Committee endorse the Murrindindi Shire Council Strategic Internal Audit Plan (2023).

CARRIED

7.2 Review Internal Audit Reports & Management Responses

Attachment(s)	Attachment 1 - Review of Customer Requests and Complaints - Final Report [7.2.1 - 36 pages]
Presenter	HLB Mann Judd
Approved by	Director Corporate & Shared Services
Purpose	For decision

HLB Mann Judd will present this report.

RESOLUTION

C Baxter / S Schinck
That the Audit and Risk Committee note the "Review of Customer Requests and Complaints" Audit Report.

CARRIED

7.3 Follow up Significant Issues Raised by Internal Audit

Nil to report.

7.4 Review Implementation of Previous Audit Actions

Attachment(s)	Attachment 1 - Audit and Risk Committee - Audit Recommendations Report - 1 March 2023 [7.4.1 - 19 pages]
Presenter	T Carter, Manager Governance & Risk
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

The purpose of this report is to provide the Audit and Risk Committee with an update regarding the implementation of previous audit actions.

RESOLUTION

S Schinck / C Baxter

That the Audit and Risk Committee note the Internal Audit Recommendations Summary report – March 2023 as contained in Attachment 7.4.1.

CARRIED

8 AUDITS - EXTERNAL

8.1 Review Auditors Proposed Scope & Approach

Attachment(s)	Attachment 1 - P.2 - Audit Strategy Memorandum [8.1.1 - 26 pages]
Presenter	RSD Audit
Approved by	Director Corporate & Shared Services
Purpose	For noting

RSD Audit will present this report at the meeting.

RESOLUTION

S Schinck / C Baxter
That the Audit and Risk Committee note the Murrindindi Shire Council Audit Strategy Memorandum as contained in Attachment 8.1.1.

CARRIED

9 FINANCIAL REPORT

9.1 Review Significant Accounting & Reporting Issues

Nil to report.

9.2 Review Quarterly Financial Statement

Attachment(s)	Attachment 1 - Management Statements December 2022 [9.2.1 - 4 pages]
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

This report provides the quarterly financial report for the period ending 31 December 2022. The Annual Revised Budget forecasts an operating surplus for the year of \$7.14 million.

RESOLUTION

C Baxter / S Schinck

That Audit and Risk Committee:

1. receive the Quarterly Financial Report to 31 December 2022.
2. note that the formal adoption of a revised budget for the 2022/23 financial year is not required.

CARRIED

10 MANAGEMENT REPORTING

10.1 Policy Register Report

Attachment(s)	Attachment 1 - Policy Register Report - March 2023 [10.1.1 - 1 page]
Presenter	T Carter, Manager Governance & Risk
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

This report provides the Audit and Risk Committee with an overview of the status of both council and organisational level policies.

RESOLUTION

S Schinck / Cr D Gallagher
That the Audit and Risk Committee note the Policy Register Report including Attachment 10.1.1.

CARRIED

11 COMMITTEE REPORTING

11.1 Biannual Audit and Risk Committee Report

Attachment(s)	Nil
Presenter	C Nisbet
Approved by	Director Corporate & Shared Services
Purpose	For noting

Executive Summary

This report is provided in accordance with the Local Government Act 2020, Section 54 (5a) and describes the activities of the Audit and Risk Committee for the second half of 2022 and includes Committee findings and recommendations.

RESOLUTION

C Baxter / S Schinck
That the Audit and Risk Committee note the Committee's July to December 2022 Biannual Report and recommend that that it be presented to Council at the 22 March 2023 Scheduled Meeting.

CARRIED

12 NEXT MEETING

12.1 Next Meeting

The next meeting of the Audit and Risk Committee is scheduled for 11 May 2023 at 3.00 pm.

7.5 Committee to Meet with Internal Auditors

This item provides an opportunity for a closed discussion with the Committee and a representative of the internal auditor, HLB Mann Judd, without Council officers present to raise any relevant questions or matters.

Any advice to officers following this discussion can be subsequently relayed by the Chair.

All Officers left the meeting at 4:57 pm.

The meeting was closed at 5:10pm.

CONFIRMED THIS

CHAIRPERSON **Dr C Nisbet**