



**Murrindindi**  
Shire Council

# Audit and Risk Committee Meeting

## Minutes

Thursday 14 September 2023  
Alexandra Meeting Room  
Perkins Street  
1:00 PM

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## 1 TEMPORARY CHAIR

Cr Damien Gallagher opened the meeting and officiated until a Chairperson was nominated as part of item 7.

## 2 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."*

## 3 APOLOGIES AND REQUEST FOR LEAVE OF ABSENCE

### Apologies:

C Nisbet

### Present:

Cr D Gallagher, Cr S Carpenter, C Baxter, S Schinck (Virtual)

### In attendance:

Director People & Corporate Performance: Michael Chesworth

Director Community & Development: Andrew Paxton (Acting CEO) (Virtual)

Director Assets and Environment: Vito Albicini (virtual)

Acting Manager Governance and Risk: David Echeverry

HLB Mann Judd: Kapil Kukreja, Meldra Zenija Cifersone (Virtual)

RSD Audit: Tyson Holt (Virtual)

Cr J Walsh (Mayor) and Livia Bonazzi (CEO) were noted as unable to attend.

## 4 CONFIRMATION OF MINUTES

### 4.1 Confirmation of Minutes

Minutes of the Audit and Risk Committee Meeting held on 18 May 2023.

### **RESOLUTION**

**C Baxter / Cr S Carpenter**

**That the minutes of the Audit and Risk Committee Meeting held on 18 May 2023 be confirmed.**

**CARRIED**

## 5 DISCLOSURE OF INTEREST OR CONFLICT OF INTEREST

Nil.

## 6 AUDIT AND RISK COMMITTEE INDEPENDENT MEMBER APPOINTMENT

### 6.1 Audit and Risk Committee Independent Member Appointment

Attachment(s)	Nil
Presenter	M Chesworth, Director People & Corporate Performance
Approved by	Director People & Corporate Performance
Purpose	For noting

Council at its meeting of 28 June 2023 reappointed Dr Craig Nisbet as an independent member of the Audit and Risk Committee for a second three-year term ending 30 June 2026.

#### **RESOLUTION**

**Cr D Gallagher / C Baxter**  
**That the Audit and Risk Committee note the reappointment of Dr Craig Nisbet to the Audit and Risk Committee for a second three-year term ending 30 June 2026.**

**CARRIED**

## 7 ELECTION OF CHAIR

### 7.1 Elect Chair of Audit and Risk Committee

Attachment(s)	Nil
Presenter	Cr D Gallagher
Approved by	Director People & Corporate Performance
Purpose	For decision

The purpose of this item is for the Audit and Risk Committee to recommend a Committee Chairperson for endorsement by Council for a 12-month term. The temporary Chairperson will call for nominations.

## **RESOLUTION**

**Cr S Carpenter / C Baxter**

1. That the Audit and Risk Committee recommend to Council that Mr. S Schinck be appointed as Chair of the Audit and Risk Committee for a 12-month period.
2. That Cr D Gallagher be appointed as Temporary Chair for this meeting due to Mr S Schinck attending virtually.

**CARRIED**

## **8 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES**

Nil.

## **9 AUDITS - EXTERNAL**

### **9.1 Consider External Auditors Comments on Control Environment & Management Letters**

Attachment(s)      1. Attachment 1 - VAGO Closing Report [9.1.1 - 20 pages]  
                              2. Attachment 2 - VAGO Final management letter with observations [9.1.2 - 8 pages]

Presenter             RSD Audit

Approved by         Director People & Corporate Performance

Purpose                 For noting

RSD Audit will present this report.

## **RESOLUTION**

**C Baxter / S Schinck**

**That the Audit and Risk Committee note the Management Letter and Closing Report from the external auditors as contained in Attachments 9.1.1 and 9.1.2**

**CARRIED**

### **9.2 Committee to Meet with External Auditors**

Opportunity for a closed discussion with the Committee, internal auditor and the external auditor, RSD Audit, 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.

## 10 FINANCIAL AND PERFORMANCE

### 10.1 Review Significant Accounting & Reporting Issues

Nil to report.

### 10.2 Review and Recommend Adoption of Annual Financial Report

Attachment(s)	<ol style="list-style-type: none"> <li>1. Attachment 1 - Final Draft Financial Statements 2022-23 [10.2.1 - 46 pages]</li> <li>2. Attachment 2 - Performance Statement 2022-23 - Draft Report [10.2.2 - 15 pages]</li> </ol>
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director People & Corporate Performance
Purpose	For noting

#### Executive Summary

The purpose of this report is to present the Financial Statements and Performance Statement for the financial year ended 30 June 2023 for the Audit and Risk Committee's review and endorsement.

#### **RESOLUTION**

**S Schinck / C Baxter**

**That the Audit and Risk Committee recommend to Council that:**

- 1. approve in principle, the following statements for the 2022/23 financial year, subject to the review by the Victorian Auditor General's Office for the year ended 30 June 2023:**
  - a. Financial Statements for the year ended 30 June 2023**
  - b. Performance Statement 2022/23.**
- 2. authorise the Principal Accounting Officer to make minor amendments to the Financial Statements and Performance Statement for the year ended 30 June 2023 to meet the Victorian Auditor General's (VAGO) requirements**
- 3. Council authorise two Councillors to certify the Financial Statements and Performance Statement, subject to the review of the statements by the Victorian Auditor-General's Officer in their final form after any changes recommended, or agreed to, by the Auditor have been made.**

**CARRIED**

### 10.3 Review Quarterly Financial Report - June 2023

Attachment(s)	1. Attachment 1 - Quarterly Financial Statements - June 2023 [10.3.1 - 4 pages]
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director People & Corporate Performance
Purpose	For noting

#### Executive Summary

This report provided the quarterly financial report for the period ending 30 June 2023. It should be noted that the figures included in the report are the interim, pre-audited results, and may differ from the final audited annual financial results included in the 2022/23 Annual Report.

#### RESOLUTION

**C Baxter / S Schinck**  
**That the Audit and Risk Committee note the Quarterly Financial Report to 30 June 2023 as presented at the 23 August Scheduled Meeting of Council.**

**CARRIED**

## 11 RISK MANAGEMENT

### 11.1 CEO's Questionnaire

Attachment(s)	1. Attachment 1 - Audit and Risk Committee - CEO Questionnaire - 31 August 2023 [11.1.1 - 4 pages]
Presenter	A Paxton, Acting Chief Executive Officer
Approved by	Director People and Corporate Performance
Purpose	For decision

The Acting Chief Executive Officer will present this report.

#### RESOLUTION

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

**CARRIED**



## 11.2 CEO's Update

Attachment(s)	Nil
Presenter	A Paxton, Acting Chief Executive Officer
Approved by	Acting Chief Executive Officer
Purpose	For decision

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

- Local media coverage
- Flood recovery – update on rebuild and funding
- IBAC – Sandon report and the assessment we conducted
- IBAC - Perceptions of corruption 2023: Councillors

### **RESOLUTION**

**C Baxter / Cr S Carpenter**

**That the Audit and Risk Committee note the Acting Chief Executive Officer's update.**

**CARRIED**

## 11.3 Reports & Publications of Interest to Local Councils

Attachment(s)	1. Attachment 1 - Local Government - Recent Reports and Publications (August 2023) [11.3.1 - 23 pages]
Presenter	HLB Mann Judd
Approved by	Director People & Corporate Performance
Purpose	For noting

HLB Mann Judd will present this report.

### **RESOLUTION**

**C Baxter / S Schinck**

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

**CARRIED**

## 11.4 Review of Enterprise Risk Management Policy - Risk Appetite

Attachment(s)	1. Attachment 1 - Risk Appetite - Draft 2023 Version 3 [11.4.1 - 6 pages]
Presenter	D Echeverry, Acting Manager Governance & Risk
Approved by	Director People & Corporate Performance
Purpose	For noting

### Executive Summary

The purpose of this report is to present the updated version of the Enterprise Risk Management Policy and Risk Appetite Statement following the feedback received by the Audit and Risk Committee on 18 May 2023.

The revised policy updates the level of appetite in the Financial, Legal and Environment categories from 'Low' to 'Medium', having become apparent over the last twelve months that in some areas the current appetite and tolerance level is more conservative than Council can manage or afford.

Furthermore, the revised policy will contain an attachment to be updated as required, mapping out Council's strategic risks and key operational risks against their relevant risk appetite. This process aims to demonstrate how Council manages its risks in line with the level of appetite.

### **RESOLUTION**

**C Baxter / S Schinck**

**That the Audit and Risk Committee note the changes to the Draft Enterprise Risk Management Policy including Risk Appetite Statement.**

**CARRIED**

## 11.5 Review Risk Register

Attachment(s)	1. Attachment 1 - Strategic Risk Heatmap Report - September 2023 [11.5.1 - 12 pages] 2. Attachment 2 - Operational Risk Heatmap Report - September 2023 [11.5.2 - 10 pages]
Presenter	D Echeverry, Acting Manager Governance & Risk
Approved by	Director People & Corporate Performance
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 Risks and Operational Risks outside of appetite.

**RESOLUTION**

**S Schinck / C Baxter**  
That the Audit and Risk Committee note the Risk Report as contained in Attachments 11.5.1 and 11.5.2

**CARRIED****11.6      Review Fraud Control Policy and Framework**

- |               |  |
|---------------|--|
| Attachment(s) | <ol style="list-style-type: none"> <li>1. Attachment 1 - Table comparing existing Plan and new System [11.6.1 - 1 page]</li> <li>2. Attachment 2 - Fraud and Corruption Control System alignment to Standard - Draft August 2023 [11.6.2 - 2 pages]</li> <li>3. Attachment 3 - Policy - Fraud and Corruption Control - REVISED DRAFT - track changes [11.6.3 - 14 pages]</li> <li>4. Attachment 4 -Policy - Fraud and Corruption Control - CLEAN DRAFT [11.6.4 - 10 pages]</li> <li>5. Attachment 5 -Fraud and Corruption Control System - Draft August 2023 [11.6.5 - 16 pages]</li> <li>6. Attachment 6 - Council Potential Fraud and Corruption Risk Management - Revised (Landscape) [11.6.6 - 5 pages]</li> </ol> |
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Presenter	D Echeverry, Acting Manager Governance & Risk
Approved by	Director People & Corporate Performance
Purpose	For noting

**Executive Summary**

The purpose of this report is to update the Audit and Risk Committee on the revised Fraud and Corruption Control Policy and System, which has been re-aligned to meet the current Australian Standard AS 8001:2021 Fraud and Corruption Control.

**RESOLUTION**

**S Schinck / C Baxter**  
That the Audit and Risk Committee note the revised Fraud Control Policy and Control System.

**CARRIED**

## 11.7 Review of CEO Credit Card Expenditure

Attachment(s)	Nil
Presenter	C Nickels-Beattie, Manager Business Services
Approved by	Director People & 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's (CEO) credit card transactions for noting.

### RESOLUTION

**S Schinck / Cr S Carpenter**  
**That the Audit and Risk Committee note that the CEO's and the CEO's Executive Assistant's credit card transactions for the period 1 April 2023 to 30 June 2023 have been appropriately approved.**

**CARRIED**

## 12 AUDITS - INTERNAL

### 12.1 Review Internal Audit Reports & Management Responses

Attachment(s)	1. Attachment 1 - Review of Environmental Health - Final Report [12.1.1 - 24 pages]
Presenter	HLB Mann Judd
Approved by	Director People & Corporate Performance
Purpose	For noting

HLB Mann Judd will present this report.

### RESOLUTION

**S Schinck / Cr S Carpenter**  
**That the Audit and Risk Committee note the Review of the Environmental Health Report.**

**CARRIED**

## 12.2 Integrity Culture Survey Results

Attachment(s)	1. Attachment 1 - Results of Integrity Culture Survey - Final [12.2.1 - 10 pages]
Presenter	HLB Mann Judd
Approved by	Director People & Corporate Performance
Purpose	For noting

HLB Mann Judd will present this report.

### **RESOLUTION**

**C Baxter / Cr S Carpenter**  
**That the Audit and Risk Committee note the Report on Council's Integrity Culture Survey Results.**

**CARRIED**

## 12.3 Follow up Significant Issues Raised by Internal Audit

Nil to report.

## 12.4 Review Implementation of Previous Audit Actions

Attachment(s)	1. Attachment 1 - Recommendations Summary Report - September 2023 [12.4.1 - 15 pages]
Presenter	M Chesworth, Director People and Corporate Performance
Approved by	Director People & Corporate Performance
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 – September 2022 as contained in Attachment 12.4.1.**

**CARRIED**

### **12.5 Review Scopes of Audits by HLB Mann Judd**

Attachment(s)	1. Attachment 1 - Review of Project Management Scope [12.5.1 - 9 pages]
Presenter	HLB Mann Judd
Approved by	Director People & Corporate Performance
Purpose	For noting

HLB Mann Judd will present this report.

## **RESOLUTION**

**C Baxter / Cr S Carpenter**

**That the Audit and Risk Committee note the Review of Project Management Scope.**

**CARRIED**

## **13 GENERAL BUSINESS AND FUTURE PLANNING**

### **13.1 Annual Assessment of the Committee's Performance**

This report has been deferred to the December 2023 Audit and Risk Committee meeting, noting the results of the integrity culture survey was the priority focus for this meeting.

## **14 COMMITTEE REPORTS**

## 14.1 Audit and Risk Committee Biannual Report

Attachment(s)	1. Attachment 1 - Biannual ARC Report - September 2023 [14.1.1 - 3 pages]
Presenter	C Nisbet
Approved by	Director People & Corporate Performance
Purpose	For noting

This report will be presented by Chair, Mr Craig Nisbet.

### **RESOLUTION**

**Cr S Carpenter / S Schinck**  
**That the Audit and Risk Committee endorse the January – June 2023 Biannual Report for presentation to Council at the 27 September 2023 Scheduled Meeting.**

**CARRIED**

## 15 CONFIDENTIAL REPORTS

### 15.1 Internal Audit Contract and Procurement Process Discussion

Attachment(s)	Nil
Presenter	M Chesworth, Director People & Corporate Performance
Approved by	Director People & Corporate Performance
Purpose	For decision

This will be a verbal report presented by the Director People & Corporate Performance.

## 16 NEXT MEETING

### 16.1 Next Meeting

The next meeting of the Audit and Risk Committee is scheduled for 7 December 2023 at 3.00 pm.