



**AUDIT AND RISK COMMITTEE MEETING OF
THE HUME CITY COUNCIL**

FRIDAY, 24 FEBRUARY 2023

**MAYGAR ROOM, HUME CITY COUNCIL, 1079 PASCOE VALE
ROAD, BROADMEADOWS**

CONFIRMED - 26 May 2023

HUME CITY COUNCIL

Minutes of the
AUDIT AND RISK COMMITTEE MEETING OF THE HUME CITY COUNCIL
held on Friday, 24 February 2023
at 9:05AM

Present:	a: Committee Members	Mr David Nairn Cr Karen Sherry Ms Jenny Johanson Mr Shannon Buckley	Chairperson
	b: Officers	Ms Sheena Frost Mr Fadi Srour Mr Robert Costa Mr Chris Bradbury Mr Joel Farrell Ms Manoja Ratnayake Mr David Fricke	Chief Executive Officer Chief Financial Officer Manager Finance Senior Integrity Officer Manager Organisational Performance and Engagement Coordinator Council Planning & Performance Reporting Manager Assets
	c: Internal Auditors	Mr Mark Holloway Mr Dulshan Kalpage – via Teams	HLB Mann Judd HLB Mann Judd
	d: External Auditors	Mr Travis Derricott Mr Jung H. Yau	Victorian Auditor General's Office Victorian Auditor General's Office

The Chairman welcomed everyone to the meeting, noting that his term is up and this will be his last meeting.

ORDER OF BUSINESS

1. APOLOGIES

An apology was received from Cr Jarrod Bell, Ms Megan Kruger, Mr John Thomas and Mr Kundai Mtsambiwa.

2. DISCLOSURE OF INTEREST

2.1 The Chairperson drew the attention of the Committee Members to the provisions of the *Local Government Act 2020* and Council's Governance Rules in relation to the disclosure of conflicts of interest. Committee Members' are to disclose any conflict of interest immediately before consideration or discussion of the relevant item. Committee Members are then required to leave the meeting during discussion and not vote on the relevant item.

2.2 All people present at the meeting were required to advise the committee of any matter that the committee should be aware of.

No person present declared a conflict of interest, nor advised that there was any matter that should be brought to the attention of the Committee.

3. CONFIRMATION OF COMMITTEE MINUTES

Minutes of the Audit and Risk Committee Meeting of 25 November 2022.

RECOMMENDATION:

The Minutes of the Audit and Risk Committee Meeting of 25 November 2022, were confirmed.

4. OFFICERS' REPORTS

Report No.	Report	Page in Agenda
4.1	Matters Arising from the Minutes	3

David Nairn, Chairperson led the discussion on the report, noting that he proposed the annual discussion of the controls in place to mitigate the organisation's significant risks, be tabled at the November meeting each year.

The Audit and Risk Committee noted the Report.

Report No.	Report	Page in Agenda
4.2	VAGO Update	5

Mr Travis Derricott, Victorian Auditor General's Office, provided the Committee with an overview of the report.

RECOMMENDATION:

The Audit and Risk Committee noted the Report.

Report No.	Report	Page in Agenda
4.3	External Audit – Draft Audit Strategy Memorandum (February 2023)	7

Mr Jung H. Yau, Victorian Auditor General's Office, provided the Committee with an overview of the report.

RECOMMENDATION:

The Draft Audit Strategy for the year ending 30 June 2023, was received and noted.

Mr Joel Farrell, Manager Organisational Performance and Engagement, and Ms Manoja Ratnayake, Coordinator Council Planning & Performance Reporting, joined the meeting, the time being 9.30am.

Report No.	Report	Page in Agenda
4.4	Local Government Performance Reporting Framework - Six Monthly Report 2022/23	9

Mr Joel Farrell, Manager Organisational Performance and Engagement, provided the Committee with an overview of the Report, noting that Hume is tracking well, and animal management is still an issue with more cats being impounded.

RECOMMENDATION:

The Audit and Risk Committee noted the 2021/22 financial year LGPRF results across Council type (Attachment One), the last six financial years comparative graphs (Attachment Two), and the 2022/23 LGPRF data (Attachment Three) provided for the six months to 31 December 2022 and the changes to the LGPRF (Attachment Four).

Mr Joel Farrell, Manager Organisational Performance and Engagement, and Ms Manoja Ratnayake, Coordinator Council Planning & Performance Reporting, left the meeting, the time being 9:42am.

Mr David Fricke, Manager Assets, joined the meeting, the time being 9:42am.

Report No.	Report	Page in Agenda
4.5	Asset Management System Update	13

Mr David Fricke, Manager Assets provided an overview of the report, noting that the new system has made huge improvements to the department.

RECOMMENDATION:

The Audit and Risk Committee noted the report.

Mr David Fricke, Manager Assets, left the meeting, the time being 9:46am.

Chris Bradbury, Senior Integrity Officer, joined the meeting, the time being 9:46am.

Report No.	Report	Page in Agenda
4.6	Draft Data Breach Policy for feedback	17

Chris Bradbury, Senior Integrity Officer, provided an overview of the draft policy, and answered questions from the Committee.

RECOMMENDATION:

2.1 The Audit and Risk Committee discussed the Draft Data Breach Policy, and provided feedback to Management.

2.2 The Manager Governance to prepare a Report to present the Draft Data Breach Policy to the Executive Leadership Team incorporating the feedback for adoption.

Report No.	Report	Page in Agenda
4.7	Quarterly Risk Update	19
	Fadi Srour, Chief Financial Officer provided an overview of the Report, and invited discussion from the Committee. Discussion was had around the draft Risk Appetite Statement, noting the Statement should incorporate dollar values, the need to look at past practice to ensure the Statement is consistent, and be careful with the wording to ensure low tolerance is used rather than not tolerate.	
	RECOMMENDATION:	
	2.1 The Audit and Risk Committee noted the Report.	
	2.2 The Audit and Risk Committee discussed the Draft Risk Appetite Statement (attached) and provided feedback on the Draft Risk Appetite Statement to Management.	
	2.3 The Manager Governance will prepare a Report to present the Draft Risk Appetite Statement to the Executive Leadership Team incorporating the feedback for adoption.	

Report No.	Report	Page in Agenda
4.8	Audit and Risk Committee Business Undertaken 1 July 2022 - 31 December 2022	21
	Fadi Srour, Chief Financial Officer provided an overview of the Report, noting the process for the appointment of the new Independent Member.	
	RECOMMENDATION:	
	2.1 The Audit and Risk Committee noted the report of its activities undertaken for the period 1 July 2022 – 31 December 2022.	
	2.2 This report to be provided to the Chief Executive Officer for tabling at the next Council Meeting in accordance with section 54(5)(b) of the Local Government Act 2020.	

Report No.	Report	Page in Agenda
4.9	Audit and Risk Committee Charter Review	23
	Fadi Srour, Chief Financial Officer provided an overview of the Report, which was discussed by the Committee, with the following suggestions:	
	<ul style="list-style-type: none"> • Recommendation of appointing the Mayor as one of the Committee Members, to be taken out; • Annual Review to be every two years; • Need to make sure the review is included in the Audit and Risk Work Program. 	
	RECOMMENDATION:	
	2.1 The proposed changes to the Audit and Risk Committee Charter be approved.	
	2.2 The Manager Governance prepare a Report to present the updated Audit and Risk Committee Charter to Council for adoption.	

Report No.	Report	Page in Agenda
4.10	<p>Council Policies Register & Policy Project</p> <p>Fadi Srour, Chief Financial Officer provided an overview of the Report, inviting discussion from the Committee.</p> <p>It was noted that the Gift Policy will need to be included in the list of policies to be looked at by the Committee.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the Report, and provided feedback on the proposed list of policies which should be reviewed by the Committee to Management.</p>	25
4.11	<p>Internal Audit - Strategic Plan 2021/24 Status Report - February 2023</p> <p>Mark Holloway, HLB Mann Judd, provided an overview of the report.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the Internal Audit Strategy Update for February 2023, and the Breakdown of Costs.</p> <p>Mr Dulshan Kalpage, HLB Mann Judd, joined the meeting via Teams, the time being 10:15am</p>	27
4.12	<p>Internal Audit Report - BCP, DRP and Emergency Management</p> <p>Mr Dulshan Kalpage, HLB Mann Judd, provided the Committee with a high level overview of the highlights of the report, and the summary of recommendations.</p> <p>RECOMMENDATION:</p> <p>2.1 The Audit and Risk Committee noted the Report.</p> <p>2.2 The outstanding recommendations be included in the Management Status Report until completed.</p> <p>Mr Dulshan Kalpage, HLB Mann Judd, left the meeting, the time being 10:25am</p>	29
4.13	<p>Recent Reports and Publications - February 2023</p> <p>Mark Holloway, HLB Mann Judd, provided an overview of the report.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the Report.</p>	31

Report No.	Report	Page in Agenda
4.14	Quarterly Financial Report to the Audit and Risk Committee - December 2022 Robert Costa, Manager Finance provided the Committee with an overview of the report. RECOMMENDATION: The Audit and Risk Committee noted the report.	33
4.15	Reimbursed Out-of-pocket Expenses Paid to Councillors - 1 October to 31 December 2022 RECOMMENDATION: The Audit and Risk Committee noted the report. Carl Muller, Director Customer & Strategy joined the meeting, the time being 10:34am, and Cameron Owen, Manager Leisure Projects joined the meeting via Teams, the time being 10:34am	35
4.16	Management Status Report November 2022 - Audits Fadi Srour, Chief Financial Officer, provided an overview of the Report. Carl Muller, Director Customer & Strategy, Robert Costa, Manager Finance and Cameron Owen, Manager Leisure Projects provided the Committee with the reason why the target date of their Outstanding Audit Actions have been revised and moved. Fadi Srour advised the Committee on behalf of Megan Kruger, Manager Governance, why the target date had been moved out on her two audit actions. RECOMMENDATION: The Audit and Risk Committee noted the management actions to date. Carl Muller, Director Customer & Strategy, and Cameron Owen, Manager Leisure Projects, left the meeting, the time being 10:45am. Robert Costa, Manager Finance, left the meeting, the time being 10:45am.	37
4.17	Proposed Agenda for 26 May 2023 Audit and Risk Committee meeting RECOMMENDATION: The Audit and Risk Committee noted the report.	39

MINUTES**5. PRESENTATION – CITY SERVICES & LIVING – OVERVIEW & RISKS – HECTOR GASTON, DIRECTOR CITY SERVICES & LIVING**

Mr Hector Gaston, Director City Services & Living, entered the meeting at 10.46am.

Mr Hector Gaston, Director City Services & Living presented the Committee with an overview of City Services & Living Division and its risks, and answered questions from the Committee members regarding the Division's operations and controls in place.

The Chair thanked Mr Hector Gaston, Director City Services & Living for his detailed and informative presentation and answering the Committees questions.

Mr Hector Gaston, Director City Services & Living, left the meeting at 11:10am.

6. CHIEF EXECUTIVE OFFICER'S UPDATE / EMERGING ISSUES

The Chief Executive Officer, Ms Sheena Frost, provided the Committee with an update on current and emerging issues, including:

- Waste Charge – Hume will be introducing a new Waste Service Charge methodology, will be a significant change to future. It is being considered by Council at its meeting on 27 February.
- Technology Update – talking to a single vendor. Decisions to Council in March with second decision as part of budget process..
- Electoral Representation Review – looking at end of year, will likely be Single Member Wards.
- General Council/Governance – Two significant decisions:
 - VCAT – Councillor Matter – Councillor was successful. Decision made on 19.12.2022 to appeal to Supreme Court, end of March for lodgement of documents for appeal.
 - Rate Cap – VEC has come back with their decision on Council's Rate Cap, will be at 3.5%.

7. PULSE CHECK

The members were asked for feedback on the meeting, with a comment being the meeting was well Chaired and well managed.

The Chair David Nairn, noted that this was his last meeting, and thanked all for his time and contribution.

The Chief Executive Officer, Sheena Frost, on behalf of Hume City Council, thanked David for his support and being the Chair.

Fadi Srour, Chief Financial Officer also thanked David for his contributions over the past eight years, he has worked well with the Committee members.

8. CLOSURE OF MEETING

The meeting closed at 11:20am.