



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

FRIDAY, 27 MAY 2022

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

CONFIRMED - 29 August 2022.

HUME CITY COUNCIL

Minutes of the

AUDIT AND RISK COMMITTEE MEETING OF THE HUME CITY COUNCIL

held on Friday, 27 May 2022

at 9:05AM

at the Maygar Room, Hume City Council, 1079 Pascoe Vale Road, Broadmeadows

To:	a: Committee Members	Mr David Nairn Cr Carly Moore Cr Sam Misho Ms Jenny Johanson Mr Shannon Buckley	Chairperson
	b: Officers	Ms Sheena Frost Mr Fadi Srouf Ms Megan Kruger Mr Robert Costa Ms Nichola Hall Mr Chris Bradbury	Chief Executive Officer Acting Director Corporate Services Manager Governance Acting Chief Financial Officer Senior HR Advisor Organisational Development Senior Integrity Officer
	c: Internal Auditors	Mr Kundai Mtsambiwa	HLB Mann Judd
	d: External Auditors	Mr Travis Derricott Mr Jung H. Yau	Victorian Auditor General's Office Victorian Auditor General's Office
	e: Observer	Cr Jodi Jackson	

The Chairman welcomed everyone to the meeting, noting it is the first face to face meeting at Hume for Travis Derricott and Jung H. Yau from the Victorian Auditor General's Office.

ORDER OF BUSINESS

1. APOLOGIES

An apology was received from Mark Waldron, Chief Information Officer, and Mark Holloway, HLB Mann Judd.

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 the 25 February 2022, including Confidential Minutes.

The Minutes of the Audit and Risk Committee Meeting of the 25 February 2022, including Confidential Minutes, were confirmed.

4. OFFICERS' REPORTS

Report No.	Report	Page in Agenda
AC170	External Audit - Audit Strategy Memorandum	3

Travis Derricott and Jung H. Yau, Victorian Auditor General's Office provided an overview of the Audit Strategy Memorandum Report detailing the key risks identified, of which there is one new risk in relation to grants. They advised that the year-end audit will most likely commence on 8 August 2022, and will include a focus on the valuation of property, infrastructure and equipment as a full valuation was done in this financial year. The Interim Management letter will be issued before 30 June 2022.

The Audit and Risk Committee noted the Audit Strategy for the year ending 30 June 2022.

Report No.	Report	Page in Agenda
AC171	VAGO Update	29

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

The Audit and Risk Committee noted the Report.

Report No.	Report	Page in Agenda
AC172	10 Year Financial Plan Assumptions - 2022/23 Budget	59

Fadi Srour, Acting Director Corporate Services provided an overview of the key points detailed in the Report.

Cr Carly Moore noted that Councillors did not get this information in the same summary format as this Report, and it would be good for them to receive it in the future.

The Audit and Risk Committee noted the report.

Report No.	Report	Page in Agenda
AC173	Shell Accounts for Preparation of the 2021/22 Financial Statements	63

Robert Costa, Acting Chief Financial Officer provided the Committee with an overview of the report, noting Council is going through the new realignment, which will be noted in the financial statements.

Robert Costa indicated the inclusion of \$3m expenditure for Cloud Based Software (SaaS) was required, as it is no longer classified an intangible asset and therefore the costs can no longer be capitalised.

Travis Derricott advised he will send information to the Committee detailing further explanation on Software as a Service (SaaS).

The Audit and Risk Committee considered and noted the report.

Report No.	Report	Page in Agenda
AC174	Information Communication and Technology Update - May 2022	121

Chief Executive Officer, Sheena Frost provided the Committee with an overview of the Report noting that Council's new Single Customer View system Hume Connect, and the Robin Desk Booking system were working well.

The Audit and Risk Committee noted the report.

Nichola Hall, Senior HR Advisor, Organisational Development, joined the meeting.

Report No.	Report	Page in Agenda
AC175	Staff Survey Results September 2021	131

Nichola Hall, Senior HR Advisor, Organisational Development, provided an overview of the Staff Survey Results, noting the approach taken and dates the Surveys were carried out. The next staff survey is due September 2022, results will be reported to the Committee by March 2023.

That the Audit and Risk Committee noted the Report.

Nichola Hall, Senior HR Advisor Organisational Development, left the meeting following completion of the item.

Chris Bradbury, Senior Integrity Officer Governance, joined the meeting

Report No.	Report	Page in Agenda
AC176	Integrity Report	137

Megan Kruger, Manager Governance introduced the new Senior Integrity Officer Governance, Chris Bradbury to the Committee, then provided an overview of the Integrity Report advising the Committee of one recent update that was not included in the Report:

- Cr Trevor Dance was reinstated by VCAT on 29 April 2022, pending the outcome of his appeal against the Councillor Conduct Panel decision.

The Audit and Risk Committee noted the Report.

Chris Bradbury, Senior Integrity Officer Governance, left the meeting following conclusion of the item.

Report No.	Report	Page in Agenda
AC177	<p>Risk Register Update (Fraud Risks) May 2022</p> <p>Megan Kruger, Manager Governance provided an update on the report, noting there are no outstanding items, and there is no high rated risks the Committee needed to be concerned with. The new Risk Team will do a full update of the Risk Register including uploading it into new software over the next 12 months.</p> <p>The Audit and Risk Committee noted the Report.</p>	179
AC178	<p>VAGO Audit - Fraud Control over Local Government Grants</p> <p>Megan Kruger, Manager Governance provided an overview of the Report and the Committee discussed the outcomes.</p> <p>2.1 The Audit and Risk Committee noted the report.</p> <p>2.2 The outstanding recommendations are to be included in the Management Status Report until completed.</p>	181
AC179	<p>Proposed Audit and Risk Committee Annual Work Program for 2022/23</p> <p>Megan Kruger, Manager Governance provided an overview of the Report.</p> <p>Megan also advised she is expecting the Cyber Internal Audit Report shortly and that the Report will be provided Out of Business to the Committee.</p> <p>The Audit and Risk Committee adopted the attached Annual Work Program for 2022/23.</p>	187
AC180	<p>Internal Audit Charter and Annual Internal Audit Assessment</p> <p>Megan Kruger, Manager Governance provided an overview of the report which was discussed by the Committee.</p> <p>The Audit and Risk Committee endorsed the Internal Audit Charter and the survey questions for an Annual Performance Assessment of Council's Internal Auditors survey.</p>	193

Report No.	Report	Page in Agenda
AC181	Internal Audit Strategic Plan Status Report - May 2022 and proposed Internal Audit Strategic Plan for 2022-2023	201
	Kundai Mtsambiwa from HLB Mann Judd provided the Committee with an overview of the two items in the Report.	
	2.1 The Audit and Risk Committee noted the Internal Audit Strategy Update May 2022.	
	2.2 The Audit and Risk Committee endorsed the proposed 2022-2023 Internal Audit Plan, as attached.	

Travis Derricott and Jung H. Yau of Victorian Auditor General's Office, and Robert Costa, Acting Chief Financial Officer left the meeting, the time being 10:35am.

Report No.	Report	Page in Agenda
AC182	Internal Audit Report - Assurance Map	231
	Kundai Mtsambiwa from HLB Mann Judd provided the Committee with an overview of the Report.	
	2.1 The Audit and Risk Committee noted the report.	
	2.2 The outstanding recommendations are to be included in the Management Status Report until completed.	

Report No.	Report	Page in Agenda
AC183	Quarterly Budget Report to the Audit and Risk Committee - March 2022	297
	Fadi Srour, Acting Director Corporate Services provided the Committee with an overview of the Report.	
	The Audit and Risk Committee noted the report.	

Report No.	Report	Page in Agenda
AC184	Reimbursed Out-of-pocket Expenses Paid to Councillors - 1 January to 31 March 2022	311
	Megan Kruger, Manager Governance provided an overview of the Report which the Committee discussed.	
	The Audit and Risk Committee noted the report.	

Report No.	Report	Page in Agenda
AC185	Management Status Report May 2022 - Audits	315
	Megan Kruger, Manager Governance provided an overview of the Report, which was discussed by the Committee.	
	The Audit and Risk Committee noted the management actions to date.	

Report No.	Report	Page in Agenda
AC186	Recent Reports and Publications - May 2022	331

Kundai Mtsambiwa from HLB Mann Judd provided the Committee with an overview of the Report.

The Audit and Risk Committee noted the Report.

Report No.	Report	Page in Agenda
AC187	Proposed Agenda for 29 August 2022 Audit and Risk Committee meeting	347

Megan Kruger, Manager Governance provided an overview of the Report.

The Audit and Risk Committee noted the report.

5. 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:

- Overview on the status of the Organisation's new organisational realignment, Councillor Conduct Matters, issues with contract variations, and the EBA.
- Update on the Worksafe incident which happened at one of Council's landfills.

6. PULSE CHECK

7. CLOSURE OF MEETING

The meeting closed at 11:15am.