



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

FRIDAY, 26 MAY 2023

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

CONFIRMED - 28 September 2023

HUME CITY COUNCIL

Minutes of the
AUDIT AND RISK COMMITTEE MEETING OF THE HUME CITY COUNCIL
held on Friday, 26 May 2023
at 9:00AM

In Attendance:	a: Committee Members	Ms Jenny Johanson Cr Jarrod Bell Mr Shannon Buckley	Chairperson
	b: Officers	Ms Sheena Frost Mr Fadi Srour Mr Chris Bradbury Mr Robert Costa Mr Carl Muller Mr John Thomas Mr Joel Farrell Mr Gary Pini	Chief Executive Officer Chief Financial Officer Acting Manager Governance Manager Finance Director Customer & Strategy Coordinator Risk Management Manager Organisational Performance & Strategy Coordinator Asset Management
	c: Internal Auditors	Mr Mark Holloway Mr Kundai Mtsambiwa - via Teams	HLB Mann Judd HLB Mann Judd
	d. External Auditors	Mr Jung H. Yau - via Teams	Victorian Auditor General's Office

The Chairperson welcomed everyone to the meeting, noting she would like to thank Council for being appointed as the Chairperson.

The Chairperson also sought permission to deliver an Acknowledgement of Country and this was done. The Chairperson also asked that an Acknowledgement of Country be added to future ARC Meeting Agendas.

ORDER OF BUSINESS

1. APOLOGIES

An apology was received from Committee Member Councillor Karen Sherry, Committee Member Mr Bruce Potgieter, and Mr Travis Derricott, VAGO.

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 24 February 2023.

RECOMMENDATION:

The Minutes of the Audit and Risk Committee Meeting of 24 February 2023, were confirmed.

Moved: Shannon Buckley Seconded: Jenny Johanson

4. OFFICERS' REPORTS

Report No.	Report	Page in Agenda
4.1	Matters Arising from the Minutes Mr Chris Bradbury, Acting Manager Governance provided an overview of the report. RECOMMENDATION: The Audit and Risk Committee noted the Report.	3
4.2	VAGO Update Mr Jung H. Yau, Victorian Auditor General's Office, provided the Committee with an overview of the report. RECOMMENDATION: The Audit and Risk Committee noted the Report.	5
4.3	External Audit - Audit Strategy Memorandum Mr Jung H. Yau, Victorian Auditor General's Office, provided the Committee with an overview of the report. RECOMMENDATION: The Audit and Risk Committee noted the Audit Strategy for the year ending 30 June 2023.	19
4.4	Interim Management Letter 2022/23 Mr Jung H. Yau, Victorian Auditor General's Office, provided the Committee with an overview of the report. The Chairperson asked that additional information be provided when requesting extensions to actions, including: <ul style="list-style-type: none"> • Reasons why the date is being extended; • who has authorised the extension; • what mitigations have been implemented to manage the risk in the interim; and, • if risks are being deleted prior to resolution, why the risk is not relevant any more. RECOMMENDATION: The report was received and noted.	45

Report No.	Report	Page in Agenda
4.5	<p>Financial Statements 2022/23 Shell Accounts, Long-Term Budget Model Assumptions and Valuation Methodology</p> <p>Mr Robert Costa, Manager Finance provided an overview of the report, noting there were no changes.</p> <p>RECOMMENDATION:</p> <p>The Financial Statements 2022/23 Shell Accounts, the Long-Term Budget Model assumptions and the Valuation Methodology, was received and noted.</p>	59
4.6	<p>Quarterly Financial Report to the Audit and Risk Committee - March 2023</p> <p>Mr Robert Costa, Manager Finance provided an overview of the report, noting Council is tracking well.</p> <p>RECOMMENDATION:</p> <p>That the Audit and Risk Committee note the report.</p> <p>Mr Robert Costa, Manager Finance left the meeting, the time being 9:24am</p> <p>Mr Carl Muller, Director Customer & Strategy, joined the meeting, the time being 9:24am</p>	125
4.7	<p>Information Communication and Technology Update - May 2023</p> <p>Mr Carl Muller, Director Customer & Strategy provided an overview of the report, and of Report No. 4.8.</p> <ul style="list-style-type: none"> • It was recommended that Councillors be provided with training on Multi-Factor Authentication. • Carl Muller to advise on the frequency of Penetration Tests and whether they will cover all elements of the IT infrastructure (i.e., external/internal/Wi-Fi, etc.). • Carl Muller and/or the new Chief Information Officer will attend each quarterly meeting to present on Information Communication and Technology related matters, including outstanding audit actions. <p>RECOMMENDATION:</p> <p>That the Audit Committee notes the report.</p>	149
4.8	<p>Cybersecurity Update</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the report.</p> <p>Mr Carl Muller, Director Customer & Strategy, left the meeting, the time being 9:40am</p>	151

Report No.	Report	Page in Agenda
4.9	<p>Integrity Report</p> <p>Mr Chris Bradbury, Acting Manager Governance provided an overview of the report.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the Report.</p> <p>Mr John Thomas, Coordinator Risk Management joined the meeting, the time being 9:46am</p>	155
4.10	<p>Quarterly Risk Update</p> <p>Mr John Thomas, Coordinator Risk Management provided an overview of the report.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the Report.</p>	161
4.11	<p>Proposed Audit and Risk Committee Annual Work Program for 2023/24</p> <p>Mr Chris Bradbury, Acting Manager Governance provided an overview of the Report.</p> <p>The Chairperson requested the following changes to the Work Program be implemented for future ARC Meetings:</p> <ul style="list-style-type: none"> • Include a reference to the relevant clause in the ARC Charter for each element in the Work Program. • Include the relevant Agenda item for the current meeting in the Work Program. • Add a column to the Work Program to indicate how often the relevant item will be reported to the ARC. <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee adopted the attached Annual Work Program for 2023/24.</p> <p>Moved: Shannon Buckley Seconded: Jenny Johanson</p>	163
4.12	<p>Draft Strategic Internal Audit Plan 2023-2025</p> <p>Mr Mark Holloway, HLB Mann Judd provided the Committee with an overview of the Report.</p> <p>The Chairperson advised she would like to have ICT reviewed annually with a program of penetration testing developed as an interim control..</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the Internal Audit Strategy Update for May 2023.</p>	169

Report No.	Report	Page in Agenda
4.13	<p>Internal Audit Strategic Plan Status Report - May 2023</p> <p>Mr Mark Holloway, HLB Mann Judd provided the Committee with an overview of the Report. Mark thanked the Management Team who worked well together, making the process of conducting reviews seamless.</p> <p>The Chairperson advised she is keen for the Audit to include comments on any cultural or systemic issue (either Hume-specific or industry-wide) identified through the reviews.</p> <p>RECOMMENDATION: The Audit and Risk Committee noted the Internal Audit Strategy Update for May 2023.</p> <p>Mr Joel Farrell, Manager Organisational Performance & Strategy, Mr Carl Muller, Director Customer & Strategy, and Mr Gary Pini, Coordinator Asset Management joined the meeting, the time being 10:00am</p> <p>Mr Kundai Mtsambiwa, HLB Mann Judd joined the meeting, the time being 10:10am.</p>	201
4.14	<p>Internal Audit Reports - Risk Management Framework ISO 31000:2018 (incl. Risk Awareness Survey); Service Planning; and Asset Management Framework</p> <p>Mr Kundai Mtsambiwa, HLB Mann Judd provided an overview of each of the Internal Audit reports.</p> <p>The Chairperson suggested that actions with a completion date beyond 12 months be broken down into interim milestones so that progress towards completion can be better tracked.</p> <p>The Chairperson also asked that reviews include a “root cause analysis” where practicable.</p> <p>The Chairperson congratulated Council on the Service Planning review, noting this area is a lot mature than other Councils.</p> <p>The Chief Executive Officer acknowledged the work by Joel Farrell and his team.</p> <p>RECOMMENDATION: 2.1 The Audit and Risk Committee noted the Report. 2.2 The outstanding recommendations be included in the Management Status Report until completed.</p> <p>Mr John Thomas, Coordinator Risk Management left the meeting, the time being 10:20am.</p> <p>Mr Joel Farrell, Manager Organisational Performance & Strategy and Mr Carl Muller, Director Customer & Strategy left the meeting, the time being 10:35am.</p> <p>Mr Gary Pini, Coordinator Asset Management left the meeting, the time being 10:40am.</p> <p>Mr Kundai Mtsambiwa, HLB Mann Judd left the meeting, the time being 10:41am</p>	201

Report No.	Report	Page in Agenda
4.15	<p>Recent Reports and Publications - May 2023</p> <p>Mr 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>	331
4.16	<p>Reimbursed Out-of-pocket Expenses Paid to Councillors - 1 January to 31 March 2023</p> <p>Mr Chris Bradbury, Acting Manager Governance provided an overview of the report.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the report.</p>	351
4.17	<p>Management Status Report May 2023 - Audits</p> <p>Mr Chris Bradbury, Acting Manager Governance provided an overview of the report, including the responses received from the Program Manager, Project Management Office (PMO) in relation to their outstanding Audit Actions.</p> <p>The Chairperson requested that the status report includes an update on progress in relation to actions approaching their due date. This will indicate whether the due date will be achieved.</p> <p>Future status reports will only focus on Medium, High and Extreme Risks.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the management actions to date.</p>	351
4.18	<p>Proposed Agenda for 22 September 2023 Audit and Risk Committee meeting</p> <p>Mr Chris Bradbury, Acting Manager Governance advised of the next meeting being rescheduled to 22 September 2023.</p> <p>Councillor Jarrod Bell advised he will be an apology for the meeting.</p> <p>RECOMMENDATION:</p> <p>The Audit and Risk Committee noted the report.</p>	381

1. PRESENTATION BY DIRECTOR INFRASTRUCTURE & ASSETS

Mr Adam McSwain, Director Infrastructure & Assets, joined the meeting at 10:55am.

Mr Adam McSwain, Director Infrastructure & Assets presented the Committee with an overview of Infrastructure & Assets Division and its risks, and answered questions from the Committee members regarding the Division's operations and controls in place.

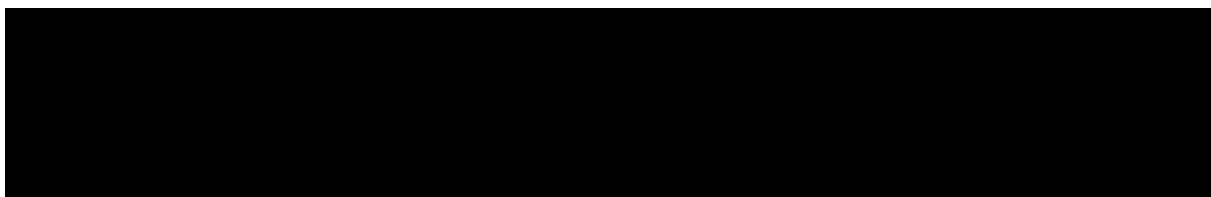
The Chair thanked Mr Adam McSwain, Director Infrastructure & Assets for his detailed and informative presentation and answering the Committees questions.

Mr Adam McSwain, Director Infrastructure & Assets, left the meeting at 11:11am.

6. CHIEF EXECUTIVE OFFICER'S UPDATE/EMERGING ISSUES (No Report)

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

- Technology Issue – Confident that Councillors understand the issues and requirements. A recent information session for Councillors was well attended and it is anticipated the Councillors will come to a decision soon.
- A recent Health and Safety Issue didn't require notification to Work Safe, although Worksafe has recently conducted some audits.
- Issues at Customer Service Centre with member of public. Council has implemented controls to address concerns regarding staff safety.
- Police have been asked to attend some Council Meetings to manage any disturbance from members of the public.

**7. PULSE CHECK**

The Committee Members were asked for feedback on the meeting. They all agreed the meeting was well Chaired and well managed.

5. CLOSURE OF MEETING

The meeting closed at 11:22am.