



MELTON CITY COUNCIL

**Minutes of Informal Meeting of the
Independent Members*
of the Audit & Risk Committee
of the Melton City Council**

Held via videoconference

9 December 2020

*The Audit and Risk Committee Meeting scheduled for
9 December 2020 lapsed for lack of a quorum. The
Independent Members decided to meet informally.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

TABLE OF CONTENTS

| | | |
|------------|---|-----------|
| 1. | WELCOME / ELECTION OF CHAIR (IF REQUIRED) | 4 |
| 2. | APOLOGIES AND LEAVE OF ABSENCE | 4 |
| 3. | DECLARATION OF INTEREST AND/OR CONFLICT OF INTEREST | 4 |
| 4. | MINUTES OF PREVIOUS MEETINGS | 5 |
| 5. | OTHER BUSINESS CARRIED OVER FROM A PREVIOUS MEETING | 5 |
| 6. | PRESENTATION OF STAFF REPORTS | 6 |
| 6.1 | ANNUAL PLAN FOR 2020 AND TRACKING REPORT FOR AUDIT & RISK COMMITTEE ACTIONS | 6 |
| | <i>To allow the Committee to check the agenda for this meeting against the Annual Plan 2020 and to present to the Tracking Report for Audit & Risk Committee Actions as at December 2020.</i> | |
| 6.2 | FINANCE REPORT - PERIOD ENDED 30 SEPTEMBER 2020 | 8 |
| | <i>To present the 2020/2021 Finance report for the 3 months ended 30 September 2020 (the Report).</i> | |
| 6.3 | END OF YEAR CAPITAL EXPENDITURE REPORT FOR 2019-20 | 10 |
| | <i>To present the 2019-20 End of Year Capital Expenditure Report.</i> | |
| 6.4 | INVESTMENT HOLDING REPORT AS AT 30 SEPTEMBER 2020 | 12 |
| | <i>To present the Investment Holding Report for the 3 months ended 30 September 2020 (the Report).</i> | |
| 6.5 | CREDIT CARD EXPENSES | 14 |
| | <i>To present the Credit Card Expenses Report for the year ended 30 June 2020 (the Report).</i> | |
| 6.6 | COUNCILLORS EXPENSES | 16 |
| | <i>To present the Councillors Expenses Report for the year ended 30 June 2020 (the Report).</i> | |

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

| | | |
|-------------|---|-----------|
| 6.7 | HOSPITALITY & ENTERTAINMENT REPORT | 18 |
| | To present the Hospitality & Entertainment Report for the year ended 30 June 2020 (the Report). | |
| 6.8 | VAGO AUDIT REPORT PROGRESS UPDATE (REFERENCE 20.1) ICT SECURITY POLICY & DOCUMENTATION | 20 |
| | To provide the Audit and Risk Committee with a progress update on actions arising from the VAGO Management Letter Audit Findings for 2019/20 about ICT physical security policy and related documentation (Ref 20.1). | |
| 6.9 | 2020-2021 COUNCIL & WELLBEING ANNUAL ACTION PLAN FIRST QUARTER EXCEPTION REPORT | 22 |
| | To present the 2020-2021 Council and Wellbeing Annual Action Plan First Quarter Exception Report ('the Report') | |
| 6.10 | EXCESSIVE STAFF LEAVE | 24 |
| | To advise the Committee of the status of Excessive Annual Leave accrued by staff and measures taken to reduce this leave liability. | |
| 6.11 | FRAUD AND CORRUPTION CONTROL PLAN | 26 |
| | To present a progress report on Council's Fraud and Corruption Control Plan. | |
| 6.12 | INTERNAL AUDIT RECOMMENDATION TRACKING REPORT FOR DECEMBER 2020 | 29 |
| | To present the <i>Internal Audit Recommendation Tracking Report for December 2020</i> (the Report). | |
| 6.13 | LOCAL GOVERNMENT ACT 2020 IMPLEMENTATION | 31 |
| | To update the Audit Committee on the implementation of the Local Government Act 2020 | |
| 6.14 | LOCAL GOVERNMENT INSPECTORATE - GOVERNANCE EXAMINATION | 34 |
| | To present to the Audit & Risk Committee a Governance Examination Report from the Local Government Inspectorate (LGI) which contains draft responses from Council management | |
| 6.15 | QUARTERLY LEGAL REPORT | 37 |
| | To advise the Audit Committee in relation to any significant legal matters as at the end of the September quarter. | |

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING**

9 DECEMBER 2020

| | | |
|-------------|--|-----------|
| 6.16 | SCHEDULE OF AUDIT & RISK COMMITTEE MEETINGS FOR 2021 | 39 |
| | To present the Audit & Risk Committee meetings schedule for 2021. | |
| 6.17 | ANNUAL WORK PLAN FOR 2021 FOR AUDIT & RISK COMMITTEE | 41 |
| | To present the Audit and Risk Committee Annual Work Plan for 2021 for approval. | |
| 7. | MEET WITH AUDITORS IN THE ABSENCE OF MANAGEMENT | 43 |
| 8. | PUBLICATIONS | 44 |
| 9. | OTHER MATTERS RAISED BY THE COMMITTEE | 45 |
| 10. | CONFIDENTIAL BUSINESS | 46 |
| 11. | NEXT MEETING | 46 |
| 12. | CLOSE OF BUSINESS | 46 |

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

MELTON CITY COUNCIL

Due to lack of a quorum, the independent members of the Audit and Risk Committee met informally and the recommendations contained within these minutes are the independent members' recommendations only

MINUTES OF
THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS
HELD VIA A VIDEOCONFERENCE
ON 9 DECEMBER 2020 AT 12:00PM

Present: Mr R. Tommasini (Chairperson)
Mr F. Mansoor
Ms C. Gregory

Attendance: Mr K. Tori, Chief Executive Officer
Ms C. Denyer, Manager Legal & Governance
Mr S. Rumoro, Manager Finance
Mr P. Bean, General Manager Corporate Services
Mr M. Domma, Manager Information Services
Mr. B. Norman, Capital Projects Coordinator
Mr P. Doyle, Acting Risk & Performance Manager
Ms C. Santoro, Senior Administration Officer

1. WELCOME / ELECTION OF CHAIR (IF REQUIRED)

The Chairperson opened the meeting and welcomed the committee members.

2. APOLOGIES AND LEAVE OF ABSENCE

Cr K. Majdlik (Mayor)
Cr J. Shannon

3. DECLARATION OF INTEREST AND / OR CONFLICT OF INTEREST

Nil.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

4. MINUTES OF PREVIOUS MEETINGS

RECOMMENDATION:

That the Minutes of the Audit & Risk Committee Meeting held on 2 September 2020 and adopted by Council at the Ordinary Meeting held on 14 September 2020 be noted.

The independent members all agreed as follows

That the Minutes of the Audit and Risk Committee Meeting held on 2 September 2020 and adopted by Council at the Ordinary Meeting held on 14 September 2020, the recommendations for which have been adopted, be noted.

5. OTHER BUSINESS CARRIED OVER FROM A PREVIOUS MEETING

Nil.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING
9 DECEMBER 2020

6. PRESENTATION OF STAFF REPORTS

6.1 ANNUAL PLAN FOR 2020 AND TRACKING REPORT FOR AUDIT & RISK COMMITTEE ACTIONS

Author: Cheryl Santoro - Senior Administration Officer
Presenter: Christine Denyer - Manager Legal and Governance

PURPOSE OF REPORT

To allow the Committee to check the agenda for this meeting against the *Annual Plan 2020* and to present to the *Tracking Report for Audit & Risk Committee Actions* as at December 2020.

RECOMMENDATION:

That the Council note that the Audit and Risk Committee checked the agenda against the *Annual Plan 2020* and reviewed the *Tracking Report for Audit & Risk Committee Actions* as at December 2020 and that no further action is required.

Recommendation 1 of the independent members

That the Council note that the independent members checked the agenda against the *Annual Plan 2020* and reviewed the *Tracking Report for Audit and Risk Committee Actions* as at December 2020 and that no further action is required.

REPORT

1. Executive Summary

As requested at the Audit Committee meeting held 11 December 2019, the *Annual Plan 2020* and the *Tracking report for Audit & Risk Committee Actions* are presented to the Committee as a standing item on this agenda.

2. Background/Issues

The *Annual Plan 2020* is attached as **Appendix 1** and the *Tracking report for Audit and Risk Committee Actions* as at December 2020 is attached as **Appendix 2**.

This agenda addresses all items in the *Annual Plan 2020* scheduled for October and December 2020.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit and Risk Committee Annual Plan references:

13. AC Charter

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

4. Financial Considerations

N/A

5. Consultation/Public Submissions

N/A

6. Risk Analysis

N/A

7. Options

Make a different recommendation to Council based on the Tracking Report.

LIST OF APPENDICES

1. Annual Plan 2020
2. Tracking Report for Audit & Risk Committee Actions as at December 2020

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** 9 DECEMBER 2020

6.2 FINANCE REPORT - PERIOD ENDED 30 SEPTEMBER 2020

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the 2020/2021 Finance report for the 3 months ended 30 September 2020 (the Report).

RECOMMENDATION:

That Council notes that the Audit and Risk Committee has reviewed the Report and that no further action is required.

Recommendation 2 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

This monthly report compares 3 months ending 30 September 2020 YTD results with the approved budget for the same period.

2. Background/Issues

The operating surplus before transfers for the September YTD period was \$127.4 million. This compared with the profiled budgeted result of \$119.6 million resulting in a favourable variance of \$7.8 million.

The favourable result was due mainly to higher than anticipated grants income and lower than budget employee expenses.

Council has generated an underlying surplus of \$3.48 million for the 1st quarter.

The actual capital expenditure completed at the end of September was \$12.83 million or 11.3% of the total budget.

Council's total cash position at the end of the September 2020 is \$295.9 million. This balance includes general and restricted investments representing carry forward expenditure, employee entitlements, and developer contributions received for future capital works. The working capital ratio for the YTD period is a healthy 1:6.2.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

17. Financial Reporting including Capital Works Progress

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

4. Financial Considerations

Note the underlying and operating result for the 3 months ending 30 September 2020 YTD results.

5. Consultation/Public Submissions

N/A.

6. Risk Analysis

Financial reporting will ensure Council's continued compliance with the legislative requirements.

7. Options

The Audit and Risk Committee:

1. Recommend to Council that it note the report;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. 2020/21 Finance Report - 3 month ended 30 September 2020
2. Detailed Capital Report 1st Quarter September 2020

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.3 END OF YEAR CAPITAL EXPENDITURE REPORT FOR 2019-20

Author: David Caligari - Manager Capital Projects
Presenter: David Caligari - Manager Capital Projects

PURPOSE OF REPORT

To present the 2019-20 End of Year Capital Expenditure Report.

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 3 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

This report provides an overview of the capital expenditure outcomes for 2019-20 including major variances and carry forwards with explanatory commentary.

2. Background/Issues

The total capital funds available for 2019-20 was \$80M and was made up of the Council adopted budget, carry forward funds and unbudgeted capital grants. The total expenditure for 2019-20 was \$54.5M or 68% of the available funds with the remainder being carried forward to 2020-21 to complete the projects. The attached report "2019-20 End of Year Capital Expenditure Report" provides details of the major variances and carry forwards that exceeded \$500k with explanations providing the reason for the variance and/or carry forward. For the most part the reasons are events or circumstances outside Council's control such as:

- COVID-19
- Servicing Authority delays
- Protracted approval processes
- Land development delays
- External grants received that due to timing of announcements weren't budgeted

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:
24 h. End of Year Capital Expenditure Report

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

4. Financial Considerations

The table below provides a high level summary of the total capital funds available for 2019-20 vs the total capital funds expended or carried forward for 2019-20. The attached report "2019-20 End of Year Capital Expenditure Report" provides a more detailed breakdown of the major variances and carry forwards including explanatory comments.

| Total Capital Funds Available | | | | Total Capital Funds Expended or Carried Forward | | | |
|-------------------------------|----------------------------|---------------------------|-----------------------|---|----------------------------------|-----------------------------------|--------------------------------------|
| Council Adopted Budget | Post Budget Carry Forwards | Unbudgeted Capital Grants | Total Funds Available | YTD Actuals | Pre Budget Capital Carry Forward | Post Budget Capital Carry Forward | Total Funds Spent or Carried Forward |
| \$ 66,714,082 | \$ 8,017,244 | \$ 5,230,137 | \$ 79,961,463 | \$ 54,492,293 | \$ 20,379,940 | \$ 7,024,008 | \$ 81,896,241 |

5. Consultation/Public Submissions

N/A

6. Risk Analysis

Capital Expenditure reporting will ensure Council's continued compliance with the legislative requirements.

7. Options

The Audit and Risk Committee can:

1. recommend to Council that it note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. 2019-20 End of Year Capital Expenditure Report

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING
9 DECEMBER 2020

Mr B. Norman left the meeting at 12.46pm

6.4 INVESTMENT HOLDING REPORT AS AT 30 SEPTEMBER 2020

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Investment Holding Report for the 3 months ended 30 September 2020 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 4 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

This report outlines Council's investments, compliance to policy and performance of investments for 3 months ending 30 September 2020.

2. Background/Issues

This report provides a detailed analysis of Council's investments, including the amount invested within various institutions, compliance with investment policy and performance of investment portfolio against budget.

Council's total investment holding as at 30 September 2020 is \$266.97 million and YTD actual interest earned is \$0.60 million which is \$0.39 million unfavourable to budget. Unfavourable variance is due to unfavourable movement of rates on term deposits caused by cutting of cash rate by Reserve Bank and market conditions.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

24 e. Quarterly Investment Holdings Report

4. Financial Considerations

Note the performance of investments and compliance with Council's investment policy.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Investment Holdings Report as at 30 September 2020

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.5 CREDIT CARD EXPENSES

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Credit Card Expenses Report for the year ended 30 June 2020 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 5 of the independent members

That Council note that the independent members reviewed Report and that no further action is required.

REPORT**1. Executive Summary**

This report outlines Credit Card Expenses for Councils Executive for the year ended 30 June 2020. The Report also provides details of transactions above \$1,000.

2. Background/Issues

This report provides the Audit and Risk Committee visibility of spend on Council Corporate Cards by Executive. Spend is slightly below that in prior years. Transactions identified in the attached report are in the normal course of carrying on Council business.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:
24 a. Credit Card Expenses

4. Financial Considerations

Note spend on Executive credit cards and material transactions.

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Credit Card Expenses Report 2019/20

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.6 COUNCILLORS EXPENSES

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Councillors Expenses Report for the year ended 30 June 2020 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 6 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

This report outlines Councillors Expenses for the year ended 30 June 2020.

2. Background/Issues

This report provides the Audit and Risk Committee visibility of spend on Councillors expenses. Councillor expenses are reported publically on a quarterly basis.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:
24 c. Councillors Expenses

4. Financial Considerations

Note Councillors expenses for the year ended 30 June 2020.

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Councillor Expenses Report 2019/20

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.7 HOSPITALITY & ENTERTAINMENT REPORT

Author: Sam Rumoro - Manager Finance
Presenter: Sam Rumoro - Manager Finance

PURPOSE OF REPORT

To present the Hospitality & Entertainment Report for the year ended 30 June 2020 (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 7 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

This report outlines Hospitality & Entertainment Report for Council for the year ended 30 June 2020.

2. Background/Issues

This report provides the Audit and Risk Committee visibility of spend on hospitality & entertainment. Transactions identified in the attached report are in the normal course of carrying on Council business.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:
24 d. Hospitality & Entertainment Report

4. Financial Considerations

Note spend on hospitality & entertainment by Council.

5. Consultation/Public Submissions

N/A

6. Risk Analysis

There are no risks associated with the recommendations in this report.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

7. Options

The Audit and Risk Committee can recommend to Council that it:

1. Note the report as per the recommendation;
2. Request further information/clarification if deemed necessary.

LIST OF APPENDICES

1. Hospitality & Entertainment Report 2019/20

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

Mr S. Rumoro left the meeting at 1.06pm

Mr M. Domma joined the meeting at 1.06pm

6.8 VAGO AUDIT REPORT PROGRESS UPDATE (REFERENCE 20.1) ICT SECURITY POLICY & DOCUMENTATION

Author: Mark Domma - Information Services, Manager
Presenter: Mark Domma - Information Services, Manager

PURPOSE OF REPORT

To provide the Audit and Risk Committee with a progress update on actions arising from the VAGO Management Letter Audit Findings for 2019/20 about ICT physical security policy and related documentation (Ref 20.1).

RECOMMENDATION:

That Council notes the progress made on the remediation actions arising from the VAGO Management Letter Audit Findings for 2019/20 and take no further action.

Recommendation 8 of the independent members

That Council notes the progress made on the remediation actions arising from the VAGO Management Letter Audit Findings for 2019/20 and take no further action.

REPORT**1. Executive Summary**

A VAGO audit into the organisation ICT security documentation suite found some deficiencies that required remediation to reduce organisation information security risks.

These deficiencies were;

- Absence of an ICT Physical Security Policy
- Information Security Policy and Change Management Process require endorsement
- IT Asset Management Policy and Disaster Recovery documents required reviews

The remediation actions are progressing with;

- ICT Physical Security Policy developed and ready for endorsement
- Information Security Policy ready for endorsement
- Change Management Process still under review
- Disaster Recovery document has been reviewed and updated (*action complete*)
- IT Asset Management Policy still under review

It is anticipated that all the open actions will be completed by February 2021.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

2. Background/Issues

VAGO undertook an audit into the information security practises of the organisation. Robust information security organisational practise is critical to reducing operational risk. The organisation has embarked on an Information Security Program to lift staff awareness of information security risks as well as implement procedures to strengthen the organisation's information security posture.

The audit reviewed ICT security-related documentation and found deficiencies in

- Lack of an ICT physical security policy
- Information security policy was developed and awaiting endorsement
- Change Management Process was developed but required a review before endorsement
- IT Asset Management Policy was overdue for a review
- Disaster Recovery document required an update to reflect some recent computer environment changes

Management agreed with the findings acknowledging that the Information Security Program is developing an information security framework that incorporates a range of procedures that extend beyond the results of this audit.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

4. External Audit Management Letter

4. Financial Considerations

Not Applicable

5. Consultation/Public Submissions

Not Applicable

6. Risk Analysis

Not Applicable

7. Options

The Committee can:

1. adopt and provide the recommended motion to Council.
2. seek further information.

LIST OF APPENDICES

Nil

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING
9 DECEMBER 2020

Mr M. Domma left the meeting at 1.12pm

6.9 2020-2021 COUNCIL & WELLBEING ANNUAL ACTION PLAN FIRST QUARTER EXCEPTION REPORT

Author: Bob Baker - Corporate Planning and Performance Coordinator
Presenter: Peter Bean - General Manager Corporate Services

PURPOSE OF REPORT

To present the 2020-2021 Council and Wellbeing Annual Action Plan First Quarter Exception Report ('the Report')

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 9 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

The year-end report shows those actions from the 2020-2021 Council and Wellbeing Annual Action Plan Exception Report that have been assessed as Not on Track or Postponed.

2. Background/Issues

The Council and Wellbeing Plan is Council's primary vision and strategic planning document that establishes the direction Council has committed to for its term of office (4 years). The Council and Wellbeing Plan contains objectives, strategies and performance indicators.

Each year Council provides a range of services, activities and initiatives for the community. These key strategic activities and new initiatives are included in the development of an Annual Action Plan.

The 2020-2021 Council and Wellbeing Annual Action Plan provides 107 actions that Council has committed to deliver. Council provides the community with quarterly progress reports that support Council's commitment in providing transparency, through public access to relevant information, decision making and strategic documents.

The current situation with Covid-19 may impact on the delivery of some actions as the year progresses but as at the end of the first quarter, none of the actions has been assessed as Not on Track or Postponed.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

The following table provides summary of progress against actions.

| Status | Description | Number of actions |
|---------------------|--|-------------------|
| Achieved | The Action is completed. | 5 |
| On track | The action is on track and expected to be completed by the current timeline | 102 |
| Not On Track | The Action has been delayed impacting on the current timeline. An explanation and any remedial action and revised due date, where appropriate, is provided in the 'progress comments' column | 0 |
| Postponed | The Action has been deferred for the financial year. An explanation is provided in the 'progress comments' column | 0 |
| Total | | 107 |

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

19. Council Action Plan Quarterly Exception Report

4. Financial Considerations

Initiatives and activities delivered from the Action Plan are contained within the Council approved 2020-21 Budget.

5. Consultation/Public Submissions

The 2020-20210 Council and Wellbeing Annual Action Plan, which forms a part of the 2017-21 Council and Wellbeing Plan is prepared from internal consultation of Council management. The commentary contained in Appendix 1 which provides the detail set out in this report is derived from the Council staff who developed the annual action plan.

6. Risk Analysis

Nil.

7. Options

Nil.

LIST OF APPENDICES

Nil

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING
9 DECEMBER 2020

6.10 EXCESSIVE STAFF LEAVE

Author: Joshua Warner - Acting Manager People and Culture
Presenter: Kelvin Tori – Chief Executive Officer

PURPOSE OF REPORT

To advise the Committee of the status of Excessive Annual Leave accrued by staff and measures taken to reduce this leave liability.

RECOMMENDATION:

That Council note that the Audit and Risk Committee have reviewed the contents of this report and note that the People and Culture team are working with staff and Managers to address leave balances.

Recommendation 10 of the independent members

That Council note that the independent members reviewed the Report and note that the People and Culture team are working with staff and Managers to address leave balances.

REPORT**1. Executive Summary**

Excessive Annual Leave which is identified as 8 weeks or more in the Melton City Council Enterprise Agreement No 9. 2019, has slightly increased since refined processes have been put in place in the last quarter. The COVID-19 pandemic has had a significant impact on leave balances and the implementation of leave plans has been the primary contributor keeping balances at a relatively neutral level.

2. Background/Issues

The COVID 19 pandemic generated an environment in which employees were reluctant to take leave based on insecurities in the work environment and the inability to travel based on lockdowns and boarder closures. This led to employees also cancelling leave that was planned based on the factors prescribed above.

The easing of restrictions has provided renewed opportunities for leave to be taken coupled with the Christmas period which is generally a time in which employees take leave.

In November, People and Culture have liaised with managers and staff with excessive leave balances to support the ongoing design and implementation of leave plans. Any employee with over 8 weeks of accrued leave will be required to:

- Submit a leave plan to their manager by 31 December 2020;
- Reduce the leave accrual to no more than 8 weeks by 31 March 2021;
- In the event the above can't be achieved, liaise with People and Culture in order to discuss cashing in excess leave in line with Clause 40 of Part A of the Melton City Council Enterprise Agreement No 9 2019.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

24 b. Staff Excess Annual Leave

4. Financial Considerations

As of November 2020, excessive annual leave is sitting at 607 weeks which is an increase from 589 weeks in August 2020. 58 employees currently have an excessive leave balance which is a slight increase from 56 in August 2020. 32 employees currently have a leave plan in place which will assist in reducing leave balances which will in turn reduce the financial liability. The implementation of the refined process presented in Section 2 will also assist in continuing to reduce these balances.

5. Consultation/Public Submissions

N/A

6. Risk Analysis

- (1) Excess Annual Leave is considered an Occupational Health and Safety risk because it means that these staff are not taking reasonable breaks from work, generally considered to be the legislated 4 week entitlement per year.
- (2) Numbers of staff with excess leave balances have also been flagged as a fraud 'red flag,' in a recent workshop to develop a Fraud Risk Register. A 'red flag' does not mean that the staff member(s) is/are involved in fraud but along with numbers of other factors, can be an indicator of risk, either because it can indicate staff are taking leave without application and crediting of balances or it can indicate staff involved in fraud who do not take leave for fear of other staff discovering fraudulent practices

7. Options

The Audit Committee can:

- 1 adopt the recommended Council motion;
2. recommend to Council an alternative motion.

LIST OF APPENDICES

1. Excessive Annual Leave Balance November 2020

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

6.11 FRAUD AND CORRUPTION CONTROL PLAN

Author: Peter Doyle - Acting Manager Risk & Performance
Presenter: Peter Doyle - Acting Manager Risk & Performance

PURPOSE OF REPORT

To present a progress report on Council's Fraud and Corruption Control Plan.

RECOMMENDATION:

That Council note that the Audit Committee reviewed the progress report and no further action is required.

Recommendation 11 of the independent members

That Council note that the independent members reviewed the progress report and that no further action is required, other than update Plan dates in accordance with the Report.

REPORT**1. Executive Summary**

Council has developed and implemented a Fraud and Corruption Control Plan in order to strengthen its fraud and corruption control environment. The current Plan (attached) was developed using information from previous risk assessments, and internal and external reviews of Council's policies, procedures and context.

14 of the 22 actions in the Plan are now completed. Of the remaining eight actions:

- Crowe has been contracted to support completion of four, which are related to policy review, fraud risk assessments and awareness training; of these, two are scheduled for completion end December 2020 (training will be delivered by CROWE online), and two when COVID-19 restrictions on face-to-face training are eased (early 2021)
- Three are related to conflicts of interest and the Staff Code of Conduct, and have been held over pending the new Local Government Act

2. Background/Issues

Council's Fraud and Corruption Control Procedure identifies the requirement to develop, implement and review a Fraud and Corruption Control Plan (the Plan). The reviewed Plan, which is included as an appendix, is informed by:

- Fraud and corruption risk assessments conducted by Macquarie Lawyers in July and October 2017
- IBAC Local Government Integrity Framework Review 2017 – Melton City Council Final Summary Report
- Internal audit 2017/18 – 05.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING **9 DECEMBER 2020**

The Plan identifies actions to strengthen Council's fraud and corruption control environment. Officers complete actions, and the Risk & Performance Manager and/or the OHS & Risk Officer update the Plan with commentary. The attachment contains progress comments valid to 22 June 2020.

To date, 14 of the 22 actions have been completed. Of the balance:

- Crowe has been contracted to support completion of four, which are related to policy review, fraud risk assessments and awareness training; of these, two are scheduled for completion end December 2020 (training will be delivered by CROWE online), and two when COVID-19 restrictions on face-to-face training are eased (early 2021)
- The completion of three actions (related to conflicts of interest and the Staff Code of Conduct) has been dependent on the content of the new Local Government Act, which only received royal assent in March 2020. It includes various dates for implementation of various parts of the legislation. New due dates have been set for those actions.
- The commencement of one action (regarding personal use of equipment) has been delayed due to prioritisation of other actions, including the fraud risk assessments; a new due date has been set. This may well need to be reviewed as the majority of staff continue to work from home

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

24 j. Fraud & Corruption Control Plan

4. Financial Considerations

Contractor and other costs are in accordance with the approved Council 2019 – 2020 Budget.

5. Consultation/Public Submissions

No consultation was required in the preparation of this report

6. Risk Analysis

Internal audit 2017/18 – 05 identified that the fraud and corruption risk assessments conducted by Macquarie Lawyers in July and October 2017 had some shortcomings. As such, the current Fraud and Corruption Control Plan can be improved.

The Crowe report on the fraud risk workshops, draft due 30 March 2021, will be used to review and refresh the Fraud and Corruption Control Plan. The revised plan will be presented to the Audit Committee upon the completion of its review.

7. Options

The Audit Committee may:

1. Seek further information regarding the progress report
2. Note the progress report and take no further action.

Item 12.2 Minutes of the Informal Meeting of the Audit and Risk Committee Independent Members -
9 December 2020

Appendix 1 Minutes of the Informal Meeting of the Audit and Risk Committee Independent Members -
9 December 2020

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

LIST OF APPENDICES

1. Fraud and Corruption Control Plan

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING
9 DECEMBER 2020

Mr P. Bean & Mr P. Doyle left the meeting at 1.17pm

6.12 INTERNAL AUDIT RECOMMENDATION TRACKING REPORT FOR DECEMBER 2020

Author: Cheryl Santoro - Senior Administration Officer
Presenter: Cheryl Santoro - Senior Administration Officer

PURPOSE OF REPORT

To present the *Internal Audit Recommendation Tracking Report for December 2020* (the Report).

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the Report and that no further action is required.

Recommendation 12 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required, other than superseding Risk number 2504, which will be addressed within Risk number 2634.

REPORT**1. Executive Summary**

An updated report on the current status of recommendations emanating from Internal Audit reports is required to be presented to the Audit and Risk Committee pursuant to the *Annual Plan 2020* and pursuant to the *Strategic Internal Audit Plan 2019/20 to 2021/22*.

The Report is attached at **Appendix 1** for the Committee's consideration.

2. Background/Issues

Pursuant to the *Annual Plan 2020* and the *Strategic Internal Audit Plan 2019/20 to 2021/22* Council's internal auditors conduct planned audits.

In order to track and report on these audits and the resultant reports, the recommendations accepted by Council, upon the Audit and Risk Committee's recommendation, are recorded in Council's Risk Register.

Each internal audit recommendation is assigned an Action Owner. It is the responsibility of the Action Owner to action and report on the progress of addressing the recommendation.

Attached to this report at **Appendix 1** is the *Internal Audit Recommendation Tracking Report for December 2020*.

Recommendations shaded in green are those that have been completed since the last report to the Audit and Risk Committee.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

11. Status of Internal Audit Recommendation Tracking Report

4. Financial Considerations

Nil.

5. Consultation/Public Submissions

Nil.

6. Risk Analysis

Recommendations from each internal audit are recorded in Council's Risk Register for the attention of the respective action owners. Not all recommendations are associated with risk although many are. Nevertheless, the risk register is considered the best place to store and track this information.

Each audit report sets out the main risk and any other risks in relation to the findings and recommendations.

7. Options

The Audit and Risk Committee can:

1. Recommend to Council that it note the report as per the recommendation;
2. Request further information if deemed necessary.

LIST OF APPENDICES

1. Internal Audit Recommendation Tracking Report for December 2020

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.13 LOCAL GOVERNMENT ACT 2020 IMPLEMENTATION

Author: Christine Denyer - Manager Legal and Governance
Presenter: Christine Denyer - Manager Legal and Governance

PURPOSE OF REPORT

To update the Audit Committee on the implementation of the Local Government Act 2020

RECOMMENDATION:

That Council:

1. notes the report
2. notes the information provided to the Independent Audit and Risk Committee members on conflict of interest and improper conduct offences.

Recommendation 13 of the independent members

That Council:

1. notes the report
2. notes the information provided to the independent Audit and Risk Committee members on conflict of interest and improper conduct offences.

REPORT**1. Executive Summary**

The Local Government Act 2020 (the 2020 Act) commenced operation on 6 April 2020.

The provisions of 2020 Act become operational in stages.

- Stage 1 - 6 April 2020
- Stage 2 - 1 May 2020
- Stage 3 - 24 October 2020
- Stage 4 - 1 July 2021

Policies and other documents required by stage 2 have all been met, with the exception of the Community Engagement Policy, which is required to be adopted by 1 March 2021.

Policies and other documents required (either new or revised) pursuant to stages 3 and 4 may be summarised in the following diagram, all of which are programmed to be completed within the timeframes set out in the Act – see **Appendix 2**.

2. Background/Issues

The Local Government Act 2020 commenced operation on 6 April 2020 (the 2020 Act).

The provisions of 2020 Act become operational in stages.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING **9 DECEMBER 2020**

- Stage 1 - 6 April 2020
- Stage 2 - 1 May 2020
- Stage 3 - 24 October 2020
- Stage 4 - 1 July 2021

Stage 1

No new policies or documents were required to be created pursuant to Stage 1.

Stage 2

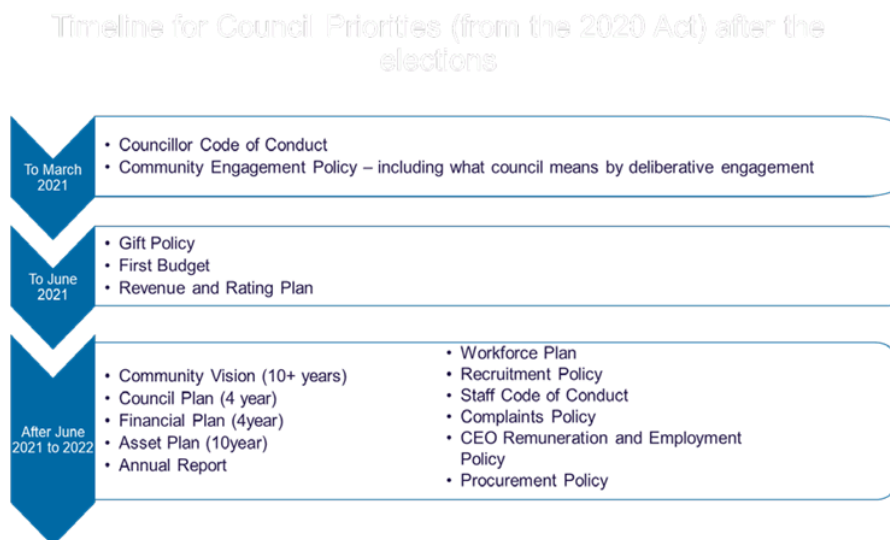
Stage 2 implementation included the following:

- New Delegations;
- New Governance Rules;
- Audit and Risk Committee establishment and establishment of new Charter
- Delegated Committee establishment
- New Public Transparency Policy.

Policies and other documents required by stage 2 have all been met, with the exception of the Community Engagement Policy, which is required to be adopted by 1 March 2021.

Stages 3 and 4

Policies and other documents required (either new or revised) pursuant to stages 3 and 4 may be summarised in the following diagram, all of which are programmed to be completed within the timeframes set out in the Act – see **Appendix 2**.



Conflict of Interest and improper conduct offence provisions

The conflict of interest provisions and other key offence provisions have also now changed. The new conflict of interest provisions have been communicated to all staff and Councillors.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

Sections 123 and 125 and Division 2 of Part 6 of the Act apply to a member of the Audit and Risk Committee who is not a Councillor as if the member were a member of a delegated committee (s53(5)).

Information for the benefit of the independent members of the Committee is attached at **Appendix 1**.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

12. Relevant Council Policies

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

All new policies and documents that are required to include input from the community have and will include that input. For example, the Governance Rules were publically advertised with feedback from the community sought.

Also, the Community Engagement Policy is required to be drafted with input from the community, which is about to be sought.

6. Risk Analysis

Broadly speaking, on compliance with the Act risks reputational damage because of or in addition to an adverse finding by an oversight body.

The Act also contains various consequences for non-compliance which, depending upon the circumstances, may include, prosecution for an offence, misconduct, serious misconduct and gross misconduct.

7. Options

That Council seek further information from officer on the Act's implementation.

LIST OF APPENDICES

1. Conflict of Interest & Improper Conduct (December 2020)
2. Local Government Act 2020 Implementation Plan as at November 2020

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

6.14 LOCAL GOVERNMENT INSPECTORATE - GOVERNANCE EXAMINATION

Author: John Whitfield - Governance Coordinator
Presenter: Christine Denyer - Manager Legal and Governance

PURPOSE OF REPORT

To present to the Audit & Risk Committee a Governance Examination Report from the Local Government Inspectorate (LGI) which contains draft responses from Council management

RECOMMENDATION:

That Council:

1. note that the Audit Committee reviewed the Governance Examination report (**Appendix 1**) from the Local Government Inspectorate and
2. endorse the Management Comments in response to the Recommendations contained in the Governance Examination report (**Appendix 1**).

Recommendation 14 of the independent members

That Council:

1. note that the independent members reviewed the Governance Examination report (**Appendix 1**) from the Local Government Inspectorate and
2. acknowledge the Management Comments in response to the Recommendations contained in the Governance Examination report (**Appendix 1**).

REPORT**1. Executive Summary**

The Local Government Inspectorate (LGI) has a program of proactive examinations of Victorian councils.

The LGI selected Melton City Council to participate in a governance examination in December 2019. The governance examination's purpose is to assess council operations and compliance against the governing legislation (then the *Local Government Act 1989*).

The resultant Report, which was received by Governance on 1 December 2020, contains recommendations for future improvements.

2. Background/Issues

The LGI's proactive governance examination program aims to:

- provide an independent assessment of key council practices
- review the effectiveness and efficiency of selected governance processes

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

- assist councils to achieve clear and transparent governance, mitigating the risk of possible breaches of the governing legislation (then the *Local Government Act 1989*).

The examination process used by the LGI is set out below:

- LGI contacts Council's Governance team to schedule an audit.
- An initial meeting takes place with the CEO where issues or concerns are raised.
- Council is provided with a list of items to prepare for the review.
- Once completed, a report is provided to the council outlining the findings, in particular highlighting areas identified as requiring improvement in their view.
- The LGI regularly publishes reports highlighting learnings and best practice examples from its examinations of Victorian councils.

Initial contact was received from the LGI in December 2019 (refer **Appendix 2**). Two inspectors visited Council in early February 2020 to gather and review material and interview various Council staff. After their site visit, Council received requests over several months for additional information needed for their review or to clarify matters.

The time taken from the start of the process to receiving this final report from the LGI on 1 December 2020, has been lengthy. Both the LGI and the Council were affected by the following factors:

- the COVID-19 pandemic and issues that arose from that;
- the proclamation of the Local Government Act 2020 and workloads it created; and
- the 2020 Council general election responsibilities (the LGI having received record number of complaints to attend to during the election which meant their resources were spread thin).

The LGI's final report attached at **Appendix 1** contains a number of Recommendations to which draft "Management Comments" have been made. The Management Comments represent the Council's proposed response to the Inspectorate on each its recommendations.

Officers recommend that the Audit and Risk Committee advise Council to endorse the Management Comments contained within the Report.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

23. Other External Reports – AG's, Ombudsman etc

4. Financial Considerations

Nil.

5. Consultation/Public Submissions

Not applicable.

No consultation or public submissions are involved in this governance examination

6. Risk Analysis

The LGI highlights various risks to Council in its governance examination report.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

The LGI's recommendations seek to mitigate those risks.

Council, though the Management Comments also seeks to mitigate the identified risks.

7. Options

The Audit & Risk Committee has the options to:

1. Accept the officer Recommendations at the beginning of this report; or
2. Recommend that Council take different actions to those proposed in the Management Comments contained in **Appendix 1**.

LIST OF APPENDICES

1. LGI Report & Recommendations - with Management Comments - undated; received 1 December 2020.
2. Letter from Local Government Inspectorate - dated 20 December 2019

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.15 QUARTERLY LEGAL REPORT

Author: Christine Denyer - Manager Legal and Governance
Presenter: Christine Denyer - Manager Legal and Governance

PURPOSE OF REPORT

To advise the Audit Committee in relation to any significant legal matters as at the end of the September quarter.

RECOMMENDATION:

That Council note that the Audit Committee has reviewed the report and that no further action is required.

Recommendation 15 of the independent members

That Council note that the independent members reviewed the Report and that no further action is required.

REPORT**1. Executive Summary**

For the purposes of this report, a significant matter is any matter which may expose Council to an Order (or financial penalty) in the sum of \$100k or more and not include matters handled by Council's insurers.

This report covers the period ending 30 September 2020.

There were no significant legal matters during the period.

2. Background/Issues

Nil.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

24 i. Quarterly Report on Updates of Litigations & Compliance/non-Compliance Matters (which may have a financial or operating effect or matters of material significance pertaining to ethical, statutory and legal issues)

4. Financial Considerations

Nil

5. Consultation/Public Submissions

Nil

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

6. Risk Analysis

As mentioned above

7. Options

Recommend that Council seek further advice.

LIST OF APPENDICES

Nil.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

6.16 SCHEDULE OF AUDIT & RISK COMMITTEE MEETINGS FOR 2021

Author: Cheryl Santoro - Senior Administration Officer
Presenter: Christine Denyer - Manager Legal and Governance

PURPOSE OF REPORT

To present the Audit & Risk Committee meetings schedule for 2021.

RECOMMENDATION:

That Council accepts and notes the Audit & Risk Committee meetings schedule for 2021 set out at **Appendix 1** and no further action is required.

Recommendation 16 of the independent members

That Council accepts and notes the Audit & Risk Committee meetings schedule for 2021 set out at **Appendix 1** and no further action is required.

REPORT**1. Executive Summary**

An annual schedule of meetings for the Audit & Risk Committee is required pursuant to Council's adopted Audit & Risk Committee Charter.

2. Background/Issues

In accordance with section 5 of the Audit & Risk Committee Charter, a schedule of meetings will be developed and agreed to by the members and recommended to Council annually for its adoption.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:
13. AC Charter

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

Internal consultation was conducted to ensure Audit and Risk Committee meetings have the best fit with financial reporting requirements and Council meetings.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

6. Risk Analysis

Nil.

7. Options

That Council amend the Audit & Risk Committee meetings schedule for 2021.

LIST OF APPENDICES

1. Audit and Risk Committee Schedule of Dates 2021 (draft)

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

6.17 ANNUAL WORK PLAN FOR 2021 FOR AUDIT & RISK COMMITTEE

Author: Cheryl Santoro - Senior Administration Officer
Presenter: Christine Denyer - Manager Legal and Governance

PURPOSE OF REPORT

To present the Audit and Risk Committee Annual Work Plan for 2021 for approval.

RECOMMENDATION:

That Council approves the Annual Work Plan for 2021 for the Audit and Risk Committee set out at **Appendix 1** and no further action is required.

Recommendation 17 of the independent members

That Council approves the Annual Work Plan for 2021 for the Audit and Risk Committee set out at **Appendix 1** and no further action is required.

REPORT

1. Executive Summary

The draft Annual Work Plan 2021 for the Audit and Risk Committee is attached at Appendix 1.

It is a synthesis of the requirements of the Audit and Risk Committee Charter and the requirements of the *Local Government Act 2020* and with reference to the Internal Audit Contract (the term and the Service Level Performance Measures).

Included in the Annual Work Plan is a rolling four year plan for review of the Internal Control Environment, Council Policies.

In addition to the Annual Work Plan 2021, which outlines reports and matters to be presented to the Committee for its advice, it is noted that the Committee itself is required to produce two reports for presentation to the CEO and then Council.

2. Background/Issues

The Audit and Risk Committee Charter (the Charter), adopted by Council on 31 August 2020, sets out the Committee's functions and responsibilities, authority, composition and tenure, roles and responsibilities, reporting and administrative arrangements.

Section 5 of the Charter and section 54(3) of the *Local Government Act 2020* both require the Committee to develop and adopt an Annual Work Plan.

The draft Annual Work Plan for 2021 at **Appendix 1**, was developed using the template provided by Local Government Victoria. The Items are a synthesis of the Charter and the Act, and taking into account the Internal Audit Contract (term and Service Level Performance Measures).

Included in the Annual Work Plan is a rolling four year plan for review of the Internal Control Environment, Council Policies.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** **9 DECEMBER 2020**

In addition to the Annual Work Plan 2021, which outlines reports and matters to be presented to the Committee for its advice, it is noted that the Committee itself is required to produce two reports for presentation to the CEO and then Council.

3. Audit Committee Annual Plan Reference

The Melton City Council Audit Committee Annual Plan references:

13. AC Charter

4. Financial Considerations

Not applicable.

5. Consultation/Public Submissions

There is no consultation associated with this report.

6. Risk Analysis

If Council does not approve the 2021 Annual Work Plan for the Audit and Risk Committee, it will be in breach of the *Local Government Act 2020* and its own Charter.

7. Options

The Committee can

1. Accept the officer recommended motion for Council to approve the Annual Work Plan as attached at **Appendix 1**.
2. Make changes to the Annual Work Plan at **Appendix 1** for 2021 (and then recommend Council approval).

LIST OF APPENDICES

1. Annual Work Plan for 2021 for Audit & Risk Committee

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

7. MEET WITH AUDITORS IN THE ABSENCE OF MANAGEMENT

As there were no Auditors present, a meeting was not required.

**MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING** 9 DECEMBER 2020

8. PUBLICATIONS**8.1 PUBLICATIONS**

- Independent Broad-Based Anti-Corruption Commission, *Unauthorised Access and Disclosure of Information Held by Local Government* (November 2020)
- Local Government Inspectorate, *Councillor expenses & allowances: equitable treatment & enhanced integrity* (September 2020)
- Victorian Ombudsman, *Investigation into review of Parking Fines by the City of Melbourne* (September 2020)
- Victorian Ombudsman, *Investigation into Corporate Credit Card misuse at Warrnambool City Council* (October 2020)

RECOMMENDATION:

That Council note that the Audit and Risk Committee reviewed the reports and that no further action is required.

OR

That Council recommend that the following publications be the subject of a report back the Audit and Risk Committee.

Recommendation 18 of the independent members.

That Council recommend that the following publication be the subject of a report back to the Audit and Risk Committee:

- Local Government Inspectorate, *Councillor expenses & allowances: equitable treatment & enhanced integrity* (September 2020).

LIST OF APPENDICES

1. Independent Broad-Based Anti-Corruption Commission, *Unauthorised Access and Disclosure of Information Held by Local Government* (November 2020)
2. Local Government Inspectorate, *Councillor expenses & allowances: equitable treatment & enhanced integrity* (September 2020)
3. Victorian Ombudsman, *Investigation into review of Parking Fines by the City of Melbourne* (September 2020)
4. Victorian Ombudsman, *Investigation into Corporate Credit Card misuse at Warrnambool City Council* (October 2020)

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT
& RISK COMMITTEE MEETING 9 DECEMBER 2020

9. OTHER MATTERS RAISED BY THE COMMITTEE

K. Tori, Chief Executive Officer advised the Independent Members:

- on the process and progress of the Internal Audit contract, advising that a recommendation to appoint the new Internal Auditors will be tabled at the 21 December 2020 Council meeting
- that at its meeting on 30 November 2020, Council resolved to re-appoint Farshan Mansoor as an Independent Committee member for a further 3 year term.

MINUTES OF THE INFORMAL MEETING OF THE INDEPENDENT MEMBERS OF THE AUDIT & RISK COMMITTEE MEETING 9 DECEMBER 2020

10. CONFIDENTIAL BUSINESS

Nil.

11. NEXT MEETING

The next Audit & Risk Committee meeting will be held on Wednesday 17 February 2021 (subject to Council endorsement of the proposed Schedule set out in these minutes).

12. CLOSE OF BUSINESS

The meeting closed at 2.01 pm.

Confirmed

Dated this

.....CHAIRPERSON