

3.2 Recommendations of the Audit Committee Meeting held 4 March 2020

Abstract

Council's Audit Committee held its most recent meeting on 4 March 2020. This report presents the recommendations of that Audit Committee meeting for consideration by Council. A schedule of reports and committee recommendations is presented as an attachment to this report.

Officers' recommendation

That Council resolve to adopt the resolutions recommended to Council contained in Attachment 1 (as annexed to the minutes) reflecting the recommendations from the Audit Committee meeting held on 4 March 2020.

**Responsible director: Bruce Dobson
Customer Experience and Business
Transformation**

1. Purpose

To present to Council the recommendations of the Audit Committee meeting held on 4 March 2020. A schedule of reports and committee recommendations is presented as an attachment to this report.

2. Policy implications and relevance to community plan and council plan

The Audit Committee Charter provides that recommendations of the Audit Committee are not binding until considered and adopted by Council.

As detailed in the Council Plan 2017-21 and the Boroondara Community Plan 2017-27. In particular Objective 7 “Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation”.

Strategy 7.2: Ensure transparent decision making through open governance processes.

Strategy 7.5: Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs.

3. Background

This report aims to summarise the issues considered at the Audit Committee meeting held on 4 March 2020. The report is also intended to identify those matters requiring Council resolution and adoption and those matters that are presented to be “received and noted”.

Full copies of papers presented to the Audit Committee can be accessed by Councillors via the Councillor Portal. Assistance in locating these papers can be provided by the Governance unit.

4. Outline of key issues/options

As recorded in the minutes of the Audit Committee meeting held on 4 March 2020 the following reports were tabled:.

- A4.1(a) Presentation - Organisation Culture Survey Results
- A4.1(b) Presentation - Pandemic Preparation
- A4.2 Standard Questions for Tabling at the Audit Committee Meetings
- A4.3 Business Arising
- A4.4 Information Security Metrics and Measures
- A4.5 Statutory Planning Review - Internal Audit Report
- A4.6 Capital Works Planning Review - Internal Audit Report
- A4.7 Review the Three Year Strategic Internal Audit Plan 2020-23
- A4.8 Internal Audit Update March 2020
- A4.9 Implementation of Business Continuity Management Plan
- A4.10 Reports to Parliament by Victorian Auditor-General’s Office and other regulatory bodies

A4.11 Audit Committee Administrative Matters

A summary of the content of the reports tabled and identification of the required Council action is contained in **Attachment 1**.

5. Consultation/communication

Not applicable.

6. Financial and resource implications

Council's operating budget provides funds for the Internal Audit Program and for implementation costs associated with these Audit recommendations.

7. Governance issues

Officers involved in the preparation of this report have no conflict of interest. The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

8. Social and environmental issues

The contents of this report are consistent with Council's desire to provide solid financial and governance frameworks to support the enhancement of urban environmental and social amenity.

9. Conclusion

This report presents to Council the recommendations of the Audit Committee meeting held on 4 March 2020.

Manager and report officer:

Chris Hurley, Commercial and Property Services

**Summary of reports tabled at Audit Committee meeting held
4 March 2020**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
A4.1(a)	Presentation - Organisation Culture Survey Results	Mr Gerhard Diedericks from Kincentric provided a presentation to the Audit Committee on the 2019 People Pulse survey findings. The Chief Executive Officer highlighted what actions have been implemented in the business arising out of the 2018 People survey and outlined next steps forward.	Management agreed to provide an update to a future Audit Committee meeting on actions taken based on the 2019 People Pulse Survey learnings and the process for prioritising questions for the next survey.	No specific resolution.
A4.1(b)	Presentation - Pandemic Preparation	Manager Health, Ageing and Disability and Executive Manager People and Development outlined to the Audit Committee the preparations being undertaken by the business to respond to the Coronavirus should it be declared a pandemic.	Management agreed to keep the Audit Committee informed of Council's actions and responses associated with the Coronavirus.	No specific resolution.
A4.2	Standard Questions for Tabling at the Audit Committee meetings	Audit Committee Members were given the opportunity to: 1. Ask Auditors present, if their work had been obstructed in any way. Auditors present responded that no obstructions had been experienced. 2. Ask if there were any matters such as breach of legislation or practices that need to be brought to the attention of the Audit Committee. None were identified. 3. Request a discussion of any matter with the Auditors in the	Nil.	Council note the responses of Officers, Auditors and Members, to the standard questions outlined in this report.

**Summary of reports tabled at Audit Committee meeting held
4 March 2020**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		absence of management and other staff. No such discussion was requested.		
A4.3	Business Arising	This report updated the Audit Committee on matters raised at previous meetings and provided follow up information on queries raised by Committee members. The Committee noted the actions taken in response to matters arising from the minutes of the previous meeting.	Management agreed to provide: <ol style="list-style-type: none"> 1. Subject to the passage of the Local Government Bill through the Parliament a report to the next Audit Committee meeting highlighting the major reform themes and the timelines for implementation. 2. The opportunity for a discussion to be scheduled on the agenda for the Audit Committee meeting on 13 May 2020 to consider and discuss possible changes to the format of reports presented to the Committee. 	Council note the actions taken in response to matters arising from the minutes of previous meetings as outlined in Attachment 1 (as annexed to the Audit Committee minutes).
A4.4	Information Security Metrics and Measures	This report updated the Audit Committee on Information Security metrics and measures to be introduced in the 2020-21 financial year. In summary, 35 Information Security metrics and measures have been developed to enable improved assessment, management and reporting of Information Security risks. These metrics and measures have been categorised as either Operational (with 15 metrics), Management (with 13	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
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Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		metrics) or Strategic (with 7 metrics). The metrics and measures will be reported to ELT the Audit Committee on an annual basis.		
A4.4	Statutory Planning Review- Internal Audit Report	This report updated the Audit Committee on the Internal Audit review of Council's Statutory Planning practices, processes and key controls. The report assigned a risk rating of 'moderate' and has determined a maturity level for the process as 'Established'. The review was conducted in accordance with the Strategic Internal Audit Plan. Two Medium recommendations have been provided to enhance processes and reporting focussing on restructure of process and system configuration, and process compliance monitoring and reporting. Management agreed with the findings and recommendations and will implement them by the agreed dates.	Nil.	Council receive and note the report.
A4.6	Capital Works Planning Review - Internal Audit Report	This report updated the Audit Committee on the Internal Audit review of Council's Capital Works Planning practices, processes and key controls.	Nil.	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
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Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		<p>The report assigned a risk rating of 'moderate' and has determined a maturity level for the process as 'Established'. The review was conducted in accordance with the Strategic Internal Audit Plan.</p> <p>The report identified opportunities to improve elements of Capital Works Planning control designs to define and document the capital works planning processes and expectations and document benefits, risks and rationale for selection or rejection/deferral of individual capital project bids.</p> <p>Management agreed with the findings and recommendations and will implement them by the agreed dates.</p>		
A4.7	Review the Three Year Strategic Internal Audit Plan 2020-23	<p>The purpose of this report was to provide the Audit Committee with the proposed three year Strategic Internal Audit Plan for 2020-23.</p> <p>(Appendix A).</p> <p>To achieve greater alignment with risk, and to ensure that assurance is provided across the 'high' rated strategic risks, the Strategic Internal Audit Plan development has involved linking auditable activities across Council back to the strategic risks. In developing the plan, Internal Audit also considered</p>	<p>Management agreed to:</p> <ol style="list-style-type: none"> 1. Include a footnote to the internal audit risk map within the Strategic Internal Audit Plan noting the rationale where no internal audits were planned against a strategic risk. 2. Consider in future years a review on the effectiveness of governance processes associated with the Customer First Program. 	<ol style="list-style-type: none"> 3. That Council approve the Strategic Internal Audit Plan 2020-23 as attached.

**Summary of reports tabled at Audit Committee meeting held
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Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		strategic initiatives and projects that are planned to be delivered over the next three years as well as the coverage provided by prior internal audits and other assurance activities. The Audit Committee endorsed the Strategic Internal Audit Plan for presentation to Council for formal approval.		
A4.8	Internal Audit Update March 2020	This report updated the Audit Committee on the 2019-20 Internal Audit Plan and provided a status report on the implementation of recommendations from prior Internal Audit reports.	Management agreed to provide the Audit Committee with clarity before the May 2020 meeting about the scope of work taking place on the identification and management of climate change risks.	Council receive and note the report.
A4.9	Implementation of Business Continuity Management Plan March 2020	The report updated the Audit Committee on the implementation of the Business Continuity Management Plan and summarised key activities Council has undertaken during the period to further prepare the business in the management of an incident or business disruption. The activities and continuous improvements reported were aimed at ensuring Council were able to recover and restore key business processes after an incident or business disruption, ensuring Council's capacity to deliver critical services and activities to the	Management agreed to provide: <ol style="list-style-type: none"> 1. A list of all the Tier 1 Critical Business Functions of each Council department contained within the respective Business Continuity Management Plan to the Audit Committee meeting scheduled for 13 May 2020. 2. Information regarding the exercise and update cycle for the Business Continuity Plans. 	Council receive and note the report

**Summary of reports tabled at Audit Committee meeting held
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A4.10	Reports to Parliament by Victorian Auditor-General's Office and other regulatory bodies	<p>community are not interrupted or compromised.</p> <p>This report updated the Audit Committee on reports presented to State Parliament by VAGO and other regulatory bodies that have a local government impact or context. The report noted that since the last Audit Committee meeting, the following reports with relevance to Local Government had been presented.</p> <ul style="list-style-type: none"> • VAGO - Council Libraries report. • VAGO - Results of 2018-19 Local Government Audits. • IBAC - Special report on Corruption risks associated with procurement in local government. • Local Government Inspectorate - Shire of Yarriambiack Shire Council. <p>The report updated the Audit Committee on learnings from Boroondara from the reports by these external agencies.</p>	Nil.	Council receive and note the report.
A4.11	Audit Committee Administrative Matters	1. The Audit Committee noted that the recommendations from the previous Audit Committee meeting of 13 November 2019 had been reviewed and endorsed by Council at the	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held
4 March 2020**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		<p>Council meeting held 10 February 2020. The appropriate Council report was provided to the Audit Committee.</p> <ol style="list-style-type: none"> 2. The Audit Committee reviewed progress against the 2019-20 Audit Committee Annual Plan noting that all required activities to date have been completed. 3. The Audit Committee was updated on the progress of the December 2019 Quarterly Performance Report (QPR). 4. The Audit Committee reviewed the minutes of the Business Enterprise Risk Committee (BERC) 25 November 2019. 		

Appendix A

Internal Audit Program Overview

The table below lists the internal audits proposed to be undertaken over the next three years. The indicative coverage for the internal audits proposed for 2020/21 year are presented in the next section.

Internal Audits	2019/20	2020/21	2021/22	2022/23	Previously Audited
Follow-Up of Audit Recommendations	Apr-20	●	●	●	
Local Law Enforcement	Complete				
Environmental Health (Food Premises)	Complete				
Statutory Planning	Finalising				2011/12
Capital Works Planning	Finalising				
Asset Protection	Mar-20				2012/13
Safety Incident Handling	May-20				
Business Function Risk Assurance Mapping*		●			
Fraud Prevention		●			2012/13
Tendering		●			
Payroll		●			2014/15
Child Safe Standards		●			
Budgeting & Forecasting		●			
Technology Strategic Planning & Governance		●			
Asset Management			●		2015/16
Legislative Compliance Management			●		
Information Security (Relating to records management)			●		
Financial Controls (incl. Payments, Banking & Treasury, GL & Reconciliations)			●		2018/19
Stakeholder & Community Engagement (incl. digital engagement)			●		
Human Resources Management			●		2016/17
Purchasing, Supplier Management & AP				●	2018/19
General and Supplementary Rates				●	2018/19
Cash Handling				●	2018/19
Contract Management				●	
Immunisation Review				●	
Library Management				●	

*This engagement is an addition to the plan for 2020/21. The outcomes of this engagement may result in changes to the Internal Audit Plan if assurance exposures are identified.