

## **7.9 Recommendations of the Audit and Risk Committee Meeting held 18 August 2021**

### **Abstract**

Council's Audit and Risk Committee held its most recent meeting on 18 August 2021. This report presents the recommendations of that Audit and Risk 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 and Risk Committee meeting held on 18 August 2021.

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**Responsible director: David Thompson, Manager Governance and Legal**

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## **1. Purpose**

To present to Council the recommendations of the Audit and Risk Committee meeting held on 18 August 2021. 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 and Risk Committee Charter provides that recommendations of the Audit and Risk 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**

Council’s Audit and Risk Committee was established on 24 August 2020 when Council resolved to adopt the ‘Audit and Risk Committee Charter 2020’.

The most recent meeting of the Audit and Risk Committee was held on 18 August 2021. This report presents the findings and recommendations from that meeting for consideration by Council.

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

## **4. Outline of key issues/options**

As recorded in the minutes of the Audit and Risk Committee meeting held on 18 August 2021 the following reports were tabled:.

- A5.1 Standard Questions for Tabling at the Audit and Risk Committee Meetings
- A5.2 Business Arising
- A5.3 Audit and Risk Committee Administrative Matters
- A5.4 Internal Audit Update
- A5.5 COVID-19 Update
- A5.6 Child Safe Standards - Implementation
- A5.7 Outcomes of IT Security Testing
- A5.8 Internal Audit Report - IT Strategic Planning and Governance
- A5.9 Annual Report Management of Health and Safety 2020-2021

- A5.10 Legal and Ethical Compliance Program - 2020-21
- A5.11 Update on the Activities of the Fraud Control Group
- A5.12 Risk Management Update
- A5.13 Response to the Victorian Ombudsman Investigation Report: Financial Hardship
- A5.14 Response to the Victorian Ombudsman Investigation Report: Melton City Council
- A5.15 Annual Financial Statements and Performance Statement for the Year Ended 30 June 2021

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

## **5. Consultation/communication**

Members of Council's Audit and Risk Committee and external and internal auditors were consulted during the preparation of Audit and Risk Committee reports referred to within this Council report.

## **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 and Risk Committee meeting held on 18 August 2021.

**Manager:** David Thompson, Manager Governance and Legal

**Report officer:** Chris Hurley, Integrity Coordinator

**Summary of reports tabled at Audit and Risk Committee meeting held  
18 August 2021**

<b>Report No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Matters arising</b>	<b>Recommended Council Resolution</b>
A5.1	Standard Questions for Tabling at the Audit and Risk Committee meetings.	Audit and Risk 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 and Risk Committee. No matters were identified. 3. Request a discussion of any matter with the Auditors in the absence of management and other staff. An in-camera discussion with the Internal Auditors was held.		Council note the Officers, Auditors and Members had no matters to raise in response to the standard questions outlined in this report.
A5.2	Business Arising.	This report updated the Audit and Risk 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 to provide members of the Audit and Risk Committee the Audit and Risk Committee Bi-Annual Report which was presented to Council on 28 June 2021.	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 and Risk Committee minutes).
A5.3	Audit and Risk Committee Administrative Matters	This report updates the Audit and Risk Committee regarding administrative matters identified at previous Audit and Risk Committee meetings.	Management to present the organisation's Gift Register at the November 2021 Audit and Risk Committee meeting.	Council receive and note the report.

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			Management to circulate the Annual Assessment of Performance of the Audit and Risk Committee to Audit and Risk Committee members and key management staff to complete.	
A5.4	Internal Audit Update.	This report updated the Audit and Risk Committee on the progress of the internal audit plan and status of audit recommendations arising from finalised internal audit reports.		Council receive and note the report.
A5.5	COVID-19 Update	<p>Inclusion of this item in the agenda for the Audit and Risk Committee meeting provides an opportunity for the Committee to be briefed on Council's response to the COVID-19 Pandemic.</p> <p>Due to the dynamic nature of the Pandemic and Council's response, a verbal update is provided at each Audit and Risk Committee meeting.</p> <p>Explanatory notes to support the verbal updates were provided by the Manager Liveable Communities (Municipal Pandemic Coordinator) and Executive Manager, People Culture and Development. The Acting Chief Financial Officer advised the Annual Financial Statements to be considered by the Audit and</p>	Management to include details on occupational violence incidents in the report to be presented at the November 2021 Audit and Risk Committee meeting. Management to include any available	Council receive and note the report.

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		Risk Committee at this meeting include all required disclosures on the financial impacts of COVID-19 and these were discussed as part of the Committee's consideration of that agenda item.	information on business closures in the municipality as a result of the pandemic in the report to be presented at the November 2021 Audit and Risk Committee meeting.	
A5.6	Child Safe Standards - Implementation.	<p>This report provided an update on the implementation status of actions related to the Child Safe Standards ('the standards'). At its meeting on 19 May 2021, the Audit and Risk Committee was presented with a detailed Action Plan with associated timelines and responsibilities and also provided with an update on the status of the Short-Term actions (higher risk control gaps) which had all been implemented. It was determined that an update on the implementation status of the Medium-Term actions (plans and policies) would be presented at the August Meeting of the Audit and Risk Committee.</p> <p>The report detailed the status of the Medium-Term Actions. The Action Plan is a revised version of the Action Plan previously presented to the Committee. It incorporates recommendations from a gap analysis undertaken by the Australian Childhood Foundation (ACF) as part of the contract Council has with the ACF to be certified as a Child Safe organisation under the Safeguarding Children Certification Program.</p>		Council receive and note the report.

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		<p>All of the Medium-Term Actions were completed by the end of August.</p> <p>The Committee was also advised after a review process, the Victorian Government has developed a new set of Child Safety Standards. They will be introduced on 1 July 2022 and replace the current standards. Key changes include new requirements:</p> <ul style="list-style-type: none"> <li>• to involve families and communities in organisations' efforts to keep children and young people safe</li> <li>• for a greater focus on safety for Aboriginal children and young people</li> <li>• to manage the risk of child abuse in online environments</li> <li>• for greater clarity on the governance, systems, and processes to keep children and young people safe.</li> </ul> <p>Standard 1: 'Organisations establish a culturally safe environment in which the diverse and unique identities and experiences of Aboriginal children and young people are respected and valued' will become an action in Council's Reconciliation Strategy which is currently being developed.</p> <p>The ACF has advised from a high-level assessment of the action plan, Council will be compliant with the new standards. Officers are waiting for further advice from the ACF and will make adjustments to policies and processes if necessary.</p> <p>Officers have established appropriate governance measures to ensure implementation and ongoing monitoring of actions will occur at regular intervals. Oversight by the project working group is now well established and will continue with reporting mechanisms built in. This arrangement places Council in a good</p>		

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		position to achieve accreditation with ACF in the first half of 2022.		
A5.7	Outcomes of IT Security Testing.	<p>Council undertakes annual IT Security Testing of its internal systems as well as systems that are accessible from outside of Council's network such as the City of Boroondara website. This proactive assessment is an important part of Council's overall IT security work and allows Council to be aware of and address any potential security exposures.</p> <p>This report presented the results of the recently completed annual IT Security Testing program which was undertaken by specialist third part security testing vendor Content Security.</p> <p>The security testing considered the risks Council is exposed to from an attack to the internal environment as well as an external attack. Each of these were reviewed and reported on separately.</p>	Management to investigate a secure method for circulating Audit and Risk Committee business papers to members of the Audit and Risk Committee. Management agreed to provide an update on the implementation of remedial work to the March 2021 Audit and Risk Committee meeting.	Council receive and note the report.
A5.8	Internal Audit Report - IT Strategic Planning and Governance	<p>This report updated the Audit and Risk Committee on the outcomes of the Internal Audit review of Council's 'Technology Strategic Planning and Governance'. The review was conducted in accordance with the Council adopted Strategic Internal Audit Plan.</p> <p>The internal audit report assessed the maturity of Council's policies, processes and structures to govern IT operations and</p>	Management to circulate the ICT strategy to Audit and Risk Committee members.	Council receive and note the report.



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		<p>projects as 'Established' and assigned the residual risk as 'Moderate'.</p> <p>The report provided three audit recommendations and identified two continuous improvement opportunities to further strengthen program governance and assist oversight and decision making for ongoing IT projects and operations. Management has agreed with the report's recommendations and provided commentary and implementation dates in the report.</p>		
A5.9	Annual Report Management of Health and Safety 2020-21	<p>The report updated the Audit and Risk Committee on Council's overall health, safety and wellbeing (HSW) performance and management.</p> <p>The Health, Safety and Wellbeing Strategy 2020 - 2023 outlines Council's approach to ensuring the wellbeing of its people, by providing a simple and easy to access framework to address health and safety and ensure the resulting environment impacts positively on both our workforce and the community.</p> <p>2021 saw the continuation of work to further simplify Council's corporate Health, Safety and Wellbeing Management System through a wholesale review of policies and procedures at both a corporate and operational level, with the ultimate goal of an integrated, cohesive, simple to understand Health and Safety framework.</p> <p>The previous hazard and incident management system was also replaced with an integrated cloud-based solution encompassing contractor management, visitor management, staff identification, risk assessment, hazard and incident management, and workplace inspections.</p>	Management to present a snapshot of 'Pulse Survey' outcomes to a future Audit and Risk Committee meeting.	Council receive and note the report.

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		<p>The requirement to shift focus to managing the COVID-19 pandemic has meant a strong focus on the provision of mental health and wellbeing programs and support for a safe and effective hybrid working model.</p> <p>An analysis of our future Workers Compensation claims performance costs has resulted in a realignment of Council's early intervention injury management approach and an appointment of a 12 month project role to focus on better prevention and management of key injury types.</p>		
A5.10	Legal and Ethical Compliance Program 2020-21	<p>The Audit and Risk Committee Annual Work Plan requires the Manager Governance and Legal to provide a written report to the Audit and Risk Committee on legal and ethical compliance.</p> <p>A certification statement was circulated to all managers. The certification statement covers the period 1 July 2020 to 30 June 2021. There has been a 100% return of completed certification statements.</p> <p>The legal and ethical certification program has not identified any issues which suggest adverse systemic or organisational wide trends.</p>		Council receive and note the report.
A5.11	Update on the Activities of the Fraud Control Group.	<p>The purpose of this report is to update the Audit and Risk Committee on the activities of the Fraud Control Group ('the Group') during the 2020-21 financial year.</p> <p>The Group was established in accordance with the Council adopted Fraud and Corruption Control Policy and comprises a broad representative group of senior managers from across Council.</p>		Council receive and note the report.

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		The Group meets four times a year and a summary of the Group's activities during the year was provided to the Audit and Risk Committee. While the Group cannot by itself prevent or detect occurrence of fraudulent events, the establishment and operation of the Group provides opportunities to increase focus and awareness on fraud prevention and the Group will continue to be active during the 2021-22 financial year.		
A5.12	Risk Management Update	<p>This report updated the Audit and Risk Committee on the status of Risk Management activities undertaken during the reporting period.</p> <p>The Audit and Risk Committee Annual Work Plan requires the Committee to “<i>receive a Risk Management update</i>” at the August 2021 meeting, including a summary of insurance arrangements and active insurance claims for the purposes of s 54(2)(c) of the <i>Local Government Act 2020</i>.</p> <p>The report also provided an update to the Audit and Risk Committee on Crisis Management activities conducted and the lessons and improvement opportunities identified, as discussed at the March 2021 Audit and Risk Committee meeting.</p>	Management to provide advice on the impact (if any) on the impact of COVID-19 on Workcover premiums to the November Audit and Risk Committee meeting.	Council receive and note the report.
A5.13	Response to the Victorian Ombudsman Investigation Report - Financial Hardship	<p>The purpose of this report was to inform the Audit and Risk Committee on the outcome of a recent Victorian Ombudsman's investigation into how local councils respond to ratepayers in financial hardship, tabled in the State Parliament dated 20 May 2021.</p> <p>Guidance notes on “What does a good approach to financial hardship look like?” were issued as a result of the Ombudsman investigation and were provided along with officer comments, to</p>		Council receive and note the report.

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		assist the Audit and Risk Committee understand the current environment at Boroondara in relation to financial hardship.		
A5.14	Response to the Victorian Ombudsman Investigation Report - Melton City Council	<p>The purpose of this report was to inform the Audit and Risk Committee on the outcome of a recent Victorian Ombudsman's investigation into Melton City Council's engagement of an IT company, tabled in the State Parliament dated June 2021.</p> <p>A summary of guidance notes issued as a result of the Ombudsman investigation into Melton City Council was provided along with officer comments to assist the Audit and Risk Committee understand the current environment at Boroondara.</p>		Council receive and note the report.
A5.15	Annual Financial Statements and Performance Statement for the year ended 30 June 2021	The purpose of this report is to present for Audit and Risk Committee consideration the Annual Financial Statements and Performance Statement for the year ended 30 June 2021.	That the Audit and Risk Committee requested the Minutes record the Committee's appreciation and congratulations to all staff involved for producing such an excellent result and for the early delivery of the report.	This matter was separately considered by Council at its meeting of 23 August 2021.