

## 7.4 Recommendations of Audit and Risk Committee Meeting

### Executive Summary

#### Purpose

This report presents the recommendations of the most recent Audit and Risk Committee meeting for consideration by Council. A schedule of reports and committee recommendations is presented as an attachment to this report.

#### Background

The most recent meeting of the Audit and Risk Committee was held on 30 March 2022. This report presents the findings and recommendations from that meeting for consideration by Council.

#### Key Issues

As recorded in the minutes of the Audit and Risk Committee meeting held on 30 March 2022 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 report - Building Inspections and Swimming Pool Registrations
- A5.5 COVID-19 Update
- A5.6 Internal Audit report - Records Management
- A5.7 Three Year Strategic Internal Audit Plan 2022-25
- A5.8 Internal Audit Update
- A5.9 Reports to Parliament by VAGO and other regulatory authorities
- A5.10 Risk Management Update - Risk Management Framework
- A5.11 Update - Business Continuity Planning
- A5.12 Annual IT Security Testing Update - March 2022

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

#### Next Steps

The next meeting of Council's Audit and Risk Committee will be held 1 June 2022.

### 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 30 March 2022.

---

**Responsible director:**     **Bryan Wee, Manager Governance and Legal**

---

**1. Purpose**

To present to Council the recommendations of the Audit and Risk Committee meeting held on 30 March 2022. 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.

**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 30 March 2022. 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 unit.

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

As recorded in the minutes of the Audit and Risk Committee meeting held on 30 March 2022 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 report - Building Inspections and Swimming Pool Registrations
- A5.5 COVID-19 Update
- A5.6 Internal Audit Report - Records Management
- A5.7 Three Year Strategic Internal Audit Plan 2022-2025
- A5.8 Internal Audit Update
- A5.9 Reports to Parliament by VAGO and other regulatory authorities
- A5.10 Risk Management Update - Risk Management Framework
- A5.11 Update - Business Continuity Planning
- A5.12 Annual IT Security Testing Update - March 2022

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 30 March 2022.

**Manager:** Bryan Wee, Manager Governance and Legal

**Report officer:** Chris Hurley, Integrity Coordinator Governance and Legal

### Summary of reports tabled at Audit and Risk Committee meeting held 30 March 2022

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
4	Chief Executive Officer Update	<p>The Chief Executive Officer informed the Audit and Risk Committee of a recent proposal by the State Government to assign responsibility to Councils for the auditing high risk combustible cladding buildings. This proposal presents a serious risk for Councils to manage and mitigate. The Chief Executive Officer updated the Committee on advocacy underway to highlight the deficiencies in the State Government's proposal and assured the Committee of Council's position regarding the proposal.</p> <p>The Chief Executive Officer also noted the State Government is considering changes to Building Regulations that would see Councils forced to assume responsibility for so called 'Orphan Permits' issued prior to a Private Building Surveyor's retirement or cessation of activity.</p> <p>The Chief Executive Officer concluded his update by advising the Committee of a project underway by the State Government which aims to codify Occupational Health &amp; Safety practices regarding mental health in the workplace. The Chief Executive Officer noted Council Officers harbour some concerns regarding the project and undertook to keep the Committee updated as the project progresses.</p>	<p>The Audit and Risk Committee noted the Chief Executive Officer's update regarding the State Government's proposal for the auditing of combustible cladding on buildings and asked that the Meeting Minutes note the Committee recognises the risk the proposal would transfer to Council and that these risks are, at this point in time, unmeasurable and unquantifiable. The Committee strongly supports the advocacy work being undertaken on this matter.</p> <p>The Audit and Risk Committee noted the Chief Executive Officer's update regarding the State Government's proposal for the reassigning of responsibility for so called 'Orphan Building Permits' and asked that the Meeting Minutes note the Committee recognises the risk the proposal would transfer to Council and that these risks, are at this point in time, unmeasurable and unquantifiable. The Committee strongly supports the advocacy work being undertaken on this matter.</p>
A5.1	Standard Questions for Tabling at the Audit and Risk Committee meetings.	<p>Audit and Risk Committee Members were given the opportunity to:</p> <ol style="list-style-type: none"> <li>1. Ask Auditors present, if their work had been obstructed in any way. Auditors present responded that no obstructions had been experienced.</li> </ol>	Council note the Officers, Auditors and Members had no matters to raise in response to the standard questions outlined in this report.

### Summary of reports tabled at Audit and Risk Committee meeting held 30 March 2022

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
		<p>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.</p> <p>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.</p>	
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.	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 updated the Audit and Risk Committee regarding administrative matters identified at previous Audit and Risk Committee meetings. The Committee requested future Meeting Agendas provide time for discussion on Council's Quarterly Performance Report which is circulated to Committee members in between each Committee meeting.	Council receive and note the report.
A5.4	Internal Audit report - Building Inspections and Swimming Pool Registrations.	<p>This report updated the Audit and Risk Committee on the outcomes of the Internal Audit review of Council's processes to conduct Building Inspections and Swimming Pool Registrations. 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 Building Inspection and Swimming Pool Registration and key controls at the upper boundary of the 'Developing' threshold and on the cusp of the 'Established' threshold and assigned the residual risk as 'Moderate'.</p> <p>The report provided six audit recommendations to further strengthen the control environment and identified one continuous</p>	Council receive and note the report.

### Summary of reports tabled at Audit and Risk Committee meeting held 30 March 2022

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
		<p>improvement opportunity. Management agreed with the report's recommendations and provided commentary and implementation dates in the report.</p> <p>The Committee noted the potential heightened consequences of risk matters identified in the report and endorsed Management's prompt actions in already completing implementation of a number of the recommendations contained in the report.</p>	
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.</p> <p>The Committee noted the COVID-19 protocols implemented support Business Continuity needs and that Council's approach has been prudent and provided leadership to the Community.</p>	Council receive and note the report.
A5.6	Internal Audit Report - Records Management	<p>This report updated the Audit and Risk Committee on the outcomes of the Internal Audit review of Council's processes in Records Management. 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 Records Management processes and key controls at the</p>	Council receive and note the report.

### Summary of reports tabled at Audit and Risk Committee meeting held 30 March 2022

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
		<p>'Established' threshold and assigned the residual risk as 'Moderate'.</p> <p>The report provided three audit recommendations to further strengthen the control environment. Management agreed with the report's recommendations and provided commentary and implementation dates in the report.</p>	
A5.7	Three Year Strategic Internal Audit Plan 2022-2025	<p>This report provided the Audit and Risk Committee with the proposed three year Strategic Internal Audit Plan for 2022-25 to review and endorse.</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.</p> <p>Past and future internal audit activities across each risk area have been reviewed to ensure that the plan covers the high rated risks across the three years of the plan.</p> <p>In developing the plan, Internal Audit also considered 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.</p> <p>The internal audit plan has been developed in consultation with management who assisted in determining the timing, scope and nature of proposed internal audit projects. Management also confirms the proposed annual internal audit plans can be delivered within available budget.</p> <p>Ongoing review of the plan will be performed to ensure that it continues to cover relevant risks to Council, as well as emerging</p>	Council receive and note the report.

**Summary of reports tabled at Audit and Risk Committee meeting held  
30 March 2022**

<b>Agenda No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Recommended Council Resolution</b>
		compliance requirements. The plan will be reviewed on an annual basis to confirm the program for the commencing financial year.	
A5.8	Internal Audit Update	<p>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.</p> <p>The Audit and Risk Committee noted Management's efforts in clearing past audit recommendations in a timely manner.</p>	Council receive and note the report.
A5.9	Reports to Parliament by VAGO and other regulatory authorities	<p>This report updated the Audit and Risk Committee on recent reports to State Parliament by the Victorian Auditor-General's Office (VAGO) and other regulatory bodies with a local government impact or context.</p> <p>The report noted since the last Audit and Risk Committee meeting, the following reports have been tabled by VAGO and other regulatory bodies with local government oversight responsibilities.</p> <ol style="list-style-type: none"> <li>1. VAGO - Results of 2020-21 Audits: Local Government.</li> <li>2. VAGO - Council Waste Management Services.</li> </ol> <p>A summary of recommendations from the reports was contained in this report and officers provided comments to assist the Audit and Risk Committee understand the current environment at Boroondara in relation to the recommendations provided.</p>	Council receive and note the report.
A5.10	Risk Management Update - Risk Management Framework	This report updated the Audit and Risk Committee on the status of Risk Management activities undertaken during the reporting period, including a review and update of the Risk Management	Council receive and note the report.



**Summary of reports tabled at Audit and Risk Committee meeting held  
30 March 2022**

Agenda No	Report Title	Summary of Content	Recommended Council Resolution
		Framework and the development of the Risk Management Framework Action Plan 2022-26. The Committee reviewed and endorsed the Risk Management Framework and the Management Framework Action Plan 2022-26.	
A5.11	Update - Business Continuity Planning	<p>This report updated the Audit and Risk Committee on the implementation of Council's Business Continuity Planning processes and summarised key activities Council has undertaken during the period to further prepare the business in the management of an incident or business disruption.</p> <p>The activities and continuous improvements reported are aimed at ensuring Council can recover and restore key business processes after an incident or business disruption, ensuring Council's capacity to deliver services and activities to the community is not interrupted or compromised.</p> <p>The report also provided an update to the Audit and Risk Committee on training activities conducted and the lessons and improvement opportunities identified.</p>	Council receive and note the report.
A5.12	Annual IT Security Testing Update - March 2022	<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. The most recent test results were reported during the August 2021 Audit and Risk Committee.</p> <p>This report provided an update on the progress of Council's remedial work since August 2021. It included the status of each item as of the time of reporting, February 2022.</p>	Council receive and note the report.

**Summary of reports tabled at Audit and Risk Committee meeting held  
30 March 2022**