

Management report to Council

Agenda item 6.2

Audit and Risk Committee Biannual Activity Report and Referred documents from February 2021 Meeting

Council

Presenter: Keith Williamson, General Manager Governance and Organisational Development

30 March 2021

Purpose and background

1. The purpose of this report is to advise Council of the activities of Council's Audit and Risk Committee (ARC) for the period 1 September 2020 – 15 February 2021 and the outcomes of the ARC meeting held on 12 February 2021.
2. Presenting the Audit and Risk Committee Biannual Activity Report is a requirement under section 54(5) of the *Local Government Act 2020* (the Act), and needs to be subsequently published on the Council's website. In the past six months period the Committee has met twice; on 4 December 2020 and 12 February 2021. This Activity Report is the first such report under the Act.
3. Forwarding the minutes from the ARC to Council is a requirement under its Charter.

Key issues

4. The ARC noted that the following matters would be presented to Council:
 - 4.1. The ARC Biannual Activity Report for the period 1 September 2020 – 15 February 2021 (refer Attachment 2).
 - 4.2. The unconfirmed minutes of the 12 February 2021 ARC meeting (refer Attachment 3).

Recommendation from management

5. That Council:
 - 5.1. Receives the Audit and Risk Committee Biannual Activity Report and approves its publication on the Council's website.
 - 5.2. Notes the minutes of the meeting of the Audit and Risk Committee held on 12 February 2021.

Attachments:

1. Supporting Attachment (Page 2 of 16)
2. City of Melbourne Audit and Risk Committee Biannual Activity Report (Page 3 of 16)
3. Unconfirmed minutes of the meeting of the Audit and Risk Committee held on 12 February 2021 (Page 9 of 16)

Supporting Attachment

Legal

1. No direct legal issues arise from the recommendation from management.
2. The ARC is an advisory committee of Council established in accordance with section 53 of the Act.

Finance

3. There are no direct financial implications to Council in the recommendation of this report.

Conflict of interest

4. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

5. In developing this proposal, no Health and Safety issues or opportunities have been identified.

Stakeholder consultation

6. External stakeholder consultation has not been undertaken. As specified in the Charter, ARC meetings are closed to members of the public.

Relation to Council policy

7. Consistent with the requirements of the Act and the Charter, the establishment and maintenance of an ARC will assist in the delivery of quality services that are responsive to business and community expectations, consistent with contemporary best practice, demonstrably cost effective and subject to public accountability.

Environmental sustainability

8. Consistent with the requirements of the Act and the Charter, the establishment and maintenance of an ARC will assist in the delivery of quality services that are responsive to business and community expectations, consistent with contemporary best practice, demonstrably cost effective and subject to public accountability.

**City of Melbourne
Audit & Risk Committee
Biannual Activity Report
February 2021**

1. Period of this Report

This report covers Audit & Risk Committee (ARC or Committee) activity from 1 September 2020 to 15 February 2021. In that period the Committee has met twice – on 4 December 2020, which was shortly after the results of the Council elections were announced, and 12 February 2021. This report has been reviewed by and agreed with all Committee members.

2. Purpose of this Report

This report meets the reporting requirements to Council as mandated by the Local Government Act 2020 (LGA) pursuant to section 54(5) and importantly provides Council with a summary of the matters that the ARC has addressed in the reporting period in discharging its responsibilities under its Charter. It is the first such report under the new LGA.

The ARC's Charter is set by Council and was last reviewed and approved by Council on 28 July 2020 following the necessary changes required by the new LGA.

The agendas for our meetings are driven by the Committee's Annual Work Plan (AWP) and are fulsome. There is always a challenge to complete the agendas for each meeting. At the meetings held in this reporting period, the key (but not all) matters considered are summarised in the table below.

Key Matters Considered at Recent Meetings

	Topic	Meeting	
		4 Dec 2020	12 Feb 2021
1	Revisions to the Committee's AWP to reflect changes in its Charter and as a result, agree changes to the structure of meeting agendas	✓	✓
2	A periodic update briefing on progress with Council's management of the combustible cladding challenges		✓
3	An update briefing on progress with Council's city recovery and activation plan in response to the impact of CV-19	✓	✓
4	The outcomes of the following scheduled internal audit reviews:		
	a) Council's performance in completing previously reported internal audit recommendations	✓	
	b) Purchasing and tendering systems and controls	✓	
	c) Cyber security controls	✓	
	d) Volunteer management across all Council business units		✓
5	Review of terms of reference for internal audit reviews scheduled to commence in the next period	✓	✓
6	Revisions to the internal audit plan for the year ending 30 June 2021	✓	
7	The outcomes of the periodic fraud and corruption survey of Council employees	✓	
8	Review of the recently approved Councillor Code of Conduct and related Protocols		✓
9	Review of the revised Investment and Strategic Income Policy		✓
10	Consideration of the external audit strategy proposed by the Victorian Auditor-General's Office (VAGO) for the year ending 30 June 2021;		✓
11	Consideration of the impact on the Committee's activities of the new Charter requirement to monitor Council compliance with the recently introduced Governance	✓	

	Topic	Meeting	
		4 Dec 2020	12 Feb 2021
	Principles		
12	An update briefing on the status of Council's risk management programme, including progress on improvements to the risk management framework and changes in Council's risk profile	✓	
13	Briefings by senior officers of Council's wholly owned subsidiary companies (Citywide Service Solutions Pty Ltd and Queen Victoria Market Pty Ltd);		✓
14	An update briefing by Council officers on the status of the Queen Victoria Market Precinct Redevelopment Programme		✓

3. Meetings

The Committee has met twice on 4 December 2020 and 12 February 2021 as indicated above. The usual meeting schedule was deferred to allow the first of the two meetings to be held after the results of the Mayoral and Councillor elections were announced, and thus allow for new Councillor representatives to be appointed to the Committee prior to the December 2020 meeting. Ultimately, at the 4 December 2020 meeting the new Councillor members of the Committee had not been confirmed. This resulted in Councillor Phillip Le Liu attending as the sole Councillor member, his membership of the Committee from the previous Council still being in place. Councillor Jamal Hakim attended as a Councillor, although his membership had not yet been confirmed. Councillor Davydd Griffiths also attended as a guest. Both Councillors Le Liu and Hakim attended the 12 February 2021 meeting.

The independent members of the Committee are Theresa Ryan and Stuart Hall, both of whom are long standing members of the Committee. They bring excellent and relevant skills to the business of the Committee. Member attendance at the two meetings has been excellent with perfect attendance by all five members.

The Committee's Annual Work Plan

The Committee has dealt with all matters scheduled for consideration in the ARC AWP in the reporting period. The recent introduction of the new LGA has impacted the ARC by expanding its' responsibilities, the most notable of these changes being as follows:

- To monitor compliance of Council policies and procedures with the overarching Governance Principles, the LGA and the Regulations and any Ministerial Directions (S54(2)).
- To review expense reimbursements to Councillors and members of Delegated Committees (S40).
- To report to Council twice per annum on the Committee's activities (S54(5)).

Most other changes in the LGA affecting the operations of the Committee were already in place and hence have no significant impact on the Committee's activities. These include (1) adopting an Annual Work Plan for the Committee and (2) undertaking an annual performance assessment of Committee activities against its Charter. All of these changes have been incorporated into the Committee's AWP.

Additional Meetings

In addition to scheduled Committee meetings, the Committee Chair has met on several occasions with senior Council and subsidiary company officers to deal with ongoing Committee business as follows:

- Liaison with Michael Tonta, Director Governance, who was recently appointed to this role and who as a result has direct responsibility for the proper functioning of and support for the Committee. The focus of these meetings has been about ensuring the ongoing effectiveness of the Committee's activities in light of the new LGA and the recent retirement of Cecilia Digenis, who had been the key support officer for the Committee for several years.
- Meetings with the two Councillor representatives appointed to the Committee to gain their perspectives on the Committee's activities and the matters that are top of mind for them in the Committee's work programme.

- Liaison with Keith Williamson, General Manager Governance & Organisational Development and Dale Ashley, Coordinator Risk Management related to the tendering of the contract for delivery of internal audit services to Council and its two subsidiaries, Queen Victoria Market and Citywide Service Solutions.
- Liaison with Andrea Waters and Patrick Burroughs, the respective Chairs of the Citywide Service Solutions and Queen Victoria Market ARC's about the impending tender for delivery of internal audit services. The Chair of the Citywide Safety, Risk & Sustainability Committee, Peter Lamell, also attended the meeting with Andrea Waters.

4. Key Activities for the Reporting Period

All members have made valuable contributions to the Committee's work programme and agendas. The work of the ARC has continued to be guided by the Annual Workplan (AWP) and all matters listed in the AWP for the two scheduled meetings held have been addressed. The AWP is reviewed at the beginning of each meeting to ensure its continued relevance and as noted above it is currently undergoing some change which may continue over the next few meetings. Key outcomes of the scheduled meetings are summarised below.

4.1 Combustible Cladding

The Committee receives half yearly updates on the status of the combustible cladding challenges from officers. The updates provide a briefing on the Statewide initiatives being undertaken at a State Government level and the initiatives in place at Council. It has been clear to the Committee for some time that the City is taking a lead role in conjunction with the State Government on this challenging matter.

The issue continues to provide challenges to Council officers. Every briefing to the Committee highlights the dynamic nature of the challenges. The Committee has confidence in Council's team with regard to addressing the significant risks and in identifying opportunities to mitigate Council's risks wherever possible. The tools available now to assist with management of these risks have developed significantly over the past two years. The Committee expects that this issue will remain on the significant risk radar for an extended period of time. The next briefing to the Committee will be in August 2021.

4.2 CEO Briefing

The CEO briefed the Committee on the new strategies that the City is developing to deal with the significant impacts of CV-19 through a planned reactivation and recovery programme. It was agreed that the CEO will continue to provide updates to the Committee on this matter due to the significant impact that the pandemic continues to have on the City's risk profile. The updates will focus on the Top Five activation risks for the City.

4.3 External Audit

The Committee considered the draft external audit strategy submitted by VAGO for the audit of the City of Melbourne consolidated annual financial report and the Council annual performance statement for the year ending 30 June 2021 at the February 2021 meeting. There were no significant changes proposed to the strategy in comparison to the previous year.

The Committee referred to the difficulties which arose in completing the audit for the previous financial year whereby the completion of the audit of the annual financial report of Citywide Service Solutions was delayed for various reasons, which resulted in the Committee being required to recommend approval of the consolidated annual financial report to Council prior to the completion of the audit of the Citywide annual financial report. A consequence of these circumstances was that Council was required to approve the consolidated annual financial report prior to VAGO sign-off on the Citywide annual financial report.

The Committee asked VAGO to reconsider some elements of the audit strategy to ensure that there is no recurrence of the delays experienced in 2020. The Committee will consider the external audit strategy again at its May meeting.

4.4 Internal Audit

The Committee received four reports on internal audit reviews completed in the period. These were all

scheduled reviews in the 2020/21 internal audit plan. These related to:

- Council's performance in closing out previously reported internal audit recommendations. This report was strongly positive indicating that Council has good controls in place to ensure that recommendations are closed out on time and that remedial actions are effective.
- Purchasing and Tendering – the internal auditor concluded that controls are strong and effective but that some control improvements are required. The Committee noted that management responses to the report indicated acceptance of the recommendations and that the proposed target completion dates for the actions were acceptable. The Committee asked that consideration be given to improving reporting on procurement performance in future and management agreed to this request. The Committee will monitor progress on this matter at future meetings.
- Cyber Security Controls - for this review the internal auditor also noted that controls are strong and effective but concluded that some control improvements are required. The Committee noted that the management responses to recommendations indicated strong acceptance of the need to make the improvements. Again, the Committee will monitor progress on actions arising from this report at future meetings; and
- Volunteer Management – for this review the internal auditor concluded that controls require further strengthening and improvement. The key recommendation was that Council should implement an overarching volunteer involvement monitoring and evaluation framework. The Committee noted that the management responses to the recommendations indicated strong acceptance of the need to make the improvements. Again, the Committee will monitor progress on actions arising from this report at future meetings.

The Committee accepted a request from management to revise the internal audit plan for the year ending 30 June 2021. The proposed reviews of Workforce Planning, Infringement Management, Major Project Management and Registered Food Premises will be deferred for consideration in the following year. A review of Employee Health & Wellbeing will be included in the current year plan and will proceed along with the Building Legislative Compliance review. It is not unusual to make changes to internal audit plans. Such changes are often driven by changed risk factors, timing issues and even changes in priorities. The key concerns for the Committee when changes are proposed are to ensure that there are valid reasons for change and that reviews being deferred remain on the longer-term internal audit plan where necessary.

The Committee approved the following Terms of Reference for scheduled reviews in the internal audit plan as follows:

- Assess the adequacy and effectiveness of controls related to management of payment card industry data held by Council.
- Assess the adequacy of policies and controls related to management of fraud and corruption risks. The Committee made some suggestions to improve this Terms of Reference and these were accepted by the internal auditors.
- Assess the adequacy of the building legislative compliance processes, including the management framework, policies, procedures and systems.
- Assess the adequacy of management of employee health and wellbeing programmes. This review follows recent revisions by Council of policies and procedures in this area that have led to a programme of improvements currently underway.

The Committee is expected to receive reports from the internal auditor on the outcomes of these reviews at its meeting on 7 May 2021.

The Committee noted that the status of progress with regard to completion of open internal audit recommendations was satisfactory.

4.5 Fraud and Corruption Survey

Council periodically undertakes a survey of employees to assess attitudes towards fraud and corruption risk. The results of the survey conducted in late 2020 were shared with the Committee in late 2020. Survey response rates are always strong, although on this occasion slightly less so due to the impact of CV-19. The Committee noted no significant changes in responses. Fraud and corruption seem to remain top of mind for employees and

attitudes towards reporting of incidents and being alert to fraud risk remain healthy.

4.6 Internal Control Environment

The Committee noted the plan for review of Council policies over the four years to 30 June 2024 which will see many significant policies reviewed. At the February 2021 meeting the Committee considered the Councillor Code of Conduct and various related protocols, noting that these were approved toward the end of the term of the previous Council and represented the result of considerable work by officers over the past two years. The Committee noted that the volume of the material related to the Code of Conduct is considerable and that a key challenge for Councillors and Officers alike will be ensuring that there is adequate knowledge of these documents in order that they can be effectively deployed going forward.

The Committee also considered the new Investment and Strategic Income Policy which had been submitted for review and comment prior to it being submitted to Council for considerations and approval. The Committee made some suggestions for improvement which officers agreed to consider before the policy is submitted to Council.

4.7 Risk Management

The Committee noted that many improvements to the Risk Management Framework were underway with significant progress made, particularly related to assessment of the effectiveness of controls that Council relies on to mitigate risk. These improvements were the result of an internal audit review in 2020 which identified the opportunities for improvement. The Committee shared its collective experience with management regarding the extension of the improvements proposed and noted that there is still much work to be done regarding this initiative. The Committee welcomed the opportunity to engage further as the work progresses. The Committee is scheduled to further consider this at the 7 May 2021 meeting.

4.8 QVM Precinct Redevelopment Project

The Committee received an update briefing on the status of the redevelopment project indicating that several project milestones have been concluded, although as also reported by QVM representatives who attended the meeting, the impact of the project on the market's trading operations is growing and hence there is an elevated risk to QVM and trader financial results.

The Committee was advised that key initiatives in coming months will be preparing the EOI process for the Southern Site, Stage Two works and finalisation of the project business case for submission to Council later in the year.

The Committee has asked for a briefing on the business case once it has been finalized.

4.9 Subsidiary Companies

The Committee receives regular written reports from Council's two wholly owned subsidiary companies, namely Citywide Service Solutions and Queen Victoria Market. In February and August of each year, the Chairs of their ARC's and senior officers attend our Committee meetings to provide opportunities to enhance our understanding of their business's, the strategic challenges they face and the changes in the risk profile of their businesses. The Committee received briefings from representatives of these businesses at the recent February meeting. They key matters that the Committee noted were as follows:

Queen Victoria Market

- QVM continues to be severely impacted by CV-19, with many traders requiring ongoing support.
- The Redevelopment Project is now having a significant impact on trading and the impact is expected to increase in 2021, resulting in increased levels of risk for the business.
- Internal audit reviews on QVM's management of the redevelopment programme will commence shortly.

Citywide Service Solutions

- The year-to-date financial results are under pressure. Traditionally the business has a significantly stronger second half, so there is some expectation that results will improve by 30 June 2021.

- The business is currently involved in various business acquisitions which will significantly increase its size. The acquisitions are focused on gaining entrée to a new market, namely long-term maintenance contracts in the utilities sector.
- The issue related to Co-Invest has been resolved at a cost of approximately \$600k.
- Citywide has effectively returned to business as usual despite the continuing impact of CV-19 on the economy.
- The rationalization of resources at the head office (in June 2020) is largely settled.

5. Matters for Consideration During the Next Reporting Period

In addition to business as usual matters and matters noted above for consideration at the next meeting, the Committee will consider the following important matters at its next meeting:

- Risk management update.
- Outcomes of the tender process for the awarding of a new internal audit contract.
- Revised external audit strategy.

6. Frequency of Activity Reports

As indicated earlier in this report, these reports are required to be provided to Council at least twice per annum. Following discussions with Councilor representatives on the Committee it was agreed that Council may find more frequent reporting helpful. Accordingly, it is proposed that an activity report will be provided to Council after each Committee meeting. The one exception to that will be in the August/September period when the Committee meets twice within a few weeks. It is proposed that one activity report will cover both meetings.

7. Meeting Schedule for 2021

The Committee's meeting schedule for the remainder of 2021 is as follows:

- 7 May 2021
- 6 August 2021
- 3 September 2021 (Consideration of the annual financial report and the annual performance statement)
- 12 November 2021

8. Conclusion

This is the Committee's first report to Council under the new reporting regime. The Committee welcomes feedback as to whether this report meets Council's expectations. If Council wishes to be briefed by the Committee on any matters raised in this report, I would be delighted to attend as required.

Yours sincerely

Geoff Harry

Chair

On behalf of the Audit & Risk Committee

15 February 2021

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MINUTES OF THE MEETING OF THE CITY OF MELBOURNE AUDIT AND RISK COMMITTEE 12 FEBRUARY 2021 at 9.30am

The meeting was held remotely online via Zoom technology

PRESENT	
Members	
Geoff Harry	Chairperson
Stuart Hall	Independent member
Therese Ryan	Independent member
Phillip Le Liu	Councillor member
Jamal Hakim	Councillor member
External Attendees	
Debra Robertson	Internal Auditor, NTT
Elena Xia	Internal Auditor, NTT
Sanchu Chummar	External Auditor, VAGO
Jung Yau	External Auditor, VAGO
City Officers	
Justin Hanney	Chief Executive Officer
Michael Tenace	Chief Financial Officer
Keith Williamson	GM Governance & Organisational Development
Michael Tonta	Director Governance
Liam Routledge	Director Finance & Investments
Dale Ashley	Coordinator Risk Management
Jared Lingard	Risk Management Officer (assisting with minutes)
Guests	
Jonathan Kambouris	Acting Director Major Capital Works
Jane Lawson	Volunteer Programs Lead, People, Culture & Leadership
Evan Counsel	Director Planning and Building
Steven Baxas	Municipal Building Surveyor
Subsidiary Companies	
Patrick Burroughs	Chair, QVM Audit and Risk Committee
Debbie Dowling	CFO, QVM (Acting CEO)
Peter Lamell	Chair, Citywide SRS (Safety, Risk & Sustainability)
Chris Campbell	CEO, Citywide
Heidi Mitchell	Executive – Legal, Governance & HSE
Apologies	
Alison Leighton	Deputy CEO
Andrea Waters	Chair of Audit and Finance Committee, Citywide
Stan Liacos	CEO, QVM

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1. Commencement of meeting

The meeting commenced at 9.32am.

2. Apologies

The Deputy CEO, the Chair of the Citywide Audit and Finance Committee and the Chief Executive Officer of the Queen Victoria Market sent their apologies.

3. Declarations of conflicts of interest

There were no declarations of conflicts of interest.

The Chairperson advised the Committee that he had joined the Moonee Valley City Council Audit and Risk Committee.

4. Annual Work Plan

4.1 Review New Plan

The proposed new Annual Work Plan was presented for review. There was a discussion about various changes to the Work Plan to align with the *Local Government Act 2020 (Vic)*, in addition to a number of other improvements. The Chairperson commented that the Audit and Risk Committee Charter stated that the Committee is required to be informed when there are changes to the Queen Victoria Market and Citywide Audit Committee charters.

Outcomes/actions:

1. The proposed new Annual Work Plan was noted and adopted, subject to a minor change at item 46.
2. In future, consistent with good practice, the Governance report will note the number of investigations for matters such as possible fraud, corruption as well as public interest disclosures, if there are any.
3. Management to inform the Queen Victoria Market and Citywide of their obligation to notify Council of any changes to their Audit Committee charters so that Council's Audit and Risk Committee can be informed.

4.2 Status of Progress Against Existing Plan

The report was presented for review.

Outcomes/Actions:

1. The report was noted.

5. Confirmation of Minutes from Previous Meeting

5.1 Confirmation of Minutes of Meeting held on 4 December 2020

The report was presented for review. The Director Governance stated that there will be some changes to the format and manner of expression in Committee minutes, such as the use of titles rather than names.

Outcomes/Actions:

1. The minutes were confirmed, subject to an amendment to a reference to Independent Member Ryan being a member of the WA Super Board rather than that organisations Audit and Risk Committee.

6. Matters arising from Previous Meetings

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6.1 Status of matters arising as at 12 February 2021

The report was presented for review and there was general discussion of the matters arising.

The Director Governance updated the Committee on the new risk based process for managing the Personal Interest Returns which will commence for the March 2021 returns period and then on a six monthly basis.

Outcomes/Actions:

1. It was noted that all items were resolved or were on track to be resolved at future meetings. Matters to be resolved at future meetings will be added to the Work Plan.

6.2 Matters arising from Council Minutes

Outcomes/Actions:

1. There were no matters arising.

6.3 Matters arising from Council Meetings

Outcomes/Actions:

1. There were no matters arising.

6.4 Combustible Cladding update

The Director Planning and Building and Municipal Building Surveyor entered the meeting at 9:55 am.

The Director Planning and Building provided an update on the current status regarding combustible cladding on buildings and an assessment of the potential risk implications for the City of Melbourne. Responses to the questions on notice submitted prior to the meeting were provided to the Committee's satisfaction.

The Committee raised additional questions relating to combustible cladding and management provided assurance on a number of aspects including further background and details regarding the:

- increased number of staff dedicated to building cladding compliance investigations;
- building cladding triage and investigation process, including an explanation of why a small number of buildings were categorised as 'not inspected';
- process for how Council was complying with its common law duty of care;
- proposed future audit activities;
- support currently being provided to building owners and owners' corporations; and
- details regarding the process for the building owners and owners' corporations being advised of any building risks once an inspection and audit were completed. It was noted that this was undertaken via the issue of building notices and orders to the owners of a building, usually via the owners corporation.

Outcomes/Actions:

1. The report was noted and the Committee requested a further update to be provided to the August 2021 Audit and Risk Committee.
2. The Committee requested that management investigate the value of conducting a targeted cladding audit or increasing the scope of the current Building Legislative Compliance internal audit.

The Director Planning and Building and Municipal Building Surveyor left the meeting at 10:20 am.

6.5 City Recovery and Reactivation Quarterly Risk Report

The Chief Executive Officer provided an update on the City Economic Recovery and Activation programme and answered various questions to the Committee's satisfaction. Questions from members

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of the Committee regarding the potential for increased collaboration with the State Government, future economic support for Queen Victoria Market in light of the impacts from COVID-19 and homelessness issues in the CBD were answered by the Chief Executive Officer.

Outcomes/Actions:

1. The report was noted.

7. Internal audit

7.1 Internal audit status report as at 3 February 2021

The report was presented for review. NTT provided a resourcing update regarding their internal audit team for the City of Melbourne and further background regarding the NTT organisation.

Outcomes/Actions:

1. The report was noted, including the decision to defer the Registered Food Premises internal audit until Q1 of 2021-22.

7.2 Status Report on Open Audit Actions

The Director Governance spoke to the report. Members questioned where open actions for audits conducted outside the internal audit program were captured. It was noted that any unscheduled audits or assurance reviews commissioned by individual business units that had recently been completed or were scheduled to commence in the next quarter were reported via the Governance report. In addition, the Coordinator Risk Management confirmed that there was a documented process for the approval of extensions to completion dates for any internal audit recommendations.

Outcomes/Actions:

1. The report was noted.
2. It was requested that management include the dates of when internal audit reports were first reported to the Committee, together with details regarding the timelines of any extensions to the audit target resolution dates for high risk recommendations.

The Chief Executive Officer left the meeting at 10:59 am and did not return.

Internal Audit Plan reviews completed

7.3 Volunteer Management

The Volunteer Programs Lead joined the meeting at 11:02 am.

NTT spoke to the report which received a 'Requiring Improvement' rating. The Volunteer Programs Lead welcomed the findings and noted that the audit helped provide a clear direction for the volunteering program. Members also welcomed the report and the improvements identified and noted the positive volunteer training that the City of Melbourne offered volunteers.

Outcomes/Actions:

1. The report was noted.

The Volunteer Programs Lead left the meeting at 11:11 am.

Internal Audit terms of reference

7.4 Building Legislative Compliance

Outcomes/Actions:

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1. The Building Legislative Compliance Internal Audit Terms of Reference was approved subject to agenda item 6.4 to investigate the value of a targeted cladding audit or increase the scope of the current Building Legislative Compliance internal audit.

7.5 Employee Health and Wellbeing

Following a question from a Committee member regarding the review of contracted staff within the audit scope, the General Manager Governance and Organisational Development responded that this would be investigated with NTT, pending available hours within the audit scope.

Outcomes/Actions:

1. The Employee Health and Wellbeing Terms of Reference was approved subject to the consideration of the inclusion of the review of the health and wellbeing of contracted staff.

8. Financial performance

8.1 Year to date financial report

The Chief Financial Officer spoke to the report outlining the financial situation of the City of Melbourne and the financial scenario modelling work that had been undertaken. It was noted that prior to the meeting the Committee had submitted a number of questions regarding the supplementary rates income and liquidity ratio and management had provided further background regarding this.

Outcomes/Actions:

1. The report was noted.

8.2 Planning for 30 June 2021 Financial Close and Audit (verbal update)

Outcomes/Actions:

1. The report was noted.

9. Internal Control Framework

9.1 Internal Control Framework review schedule

Outcomes/Actions:

1. The report was noted.
2. The Committee requested in future the inclusion of a covering report noting any updates on the progress of the review of relevant policies and any key changes and additions to the list of policies.

9.2 Review of Councillor Code of Conduct

The Chairperson and Director Governance provided some background regarding the recent review that had been undertaken. It was noted that prior to the meeting the Committee had submitted some feedback regarding the Councillor Code of Conduct and associated policies.

Outcomes/Actions:

1. The report was noted.

9.3 Councillor Code of Conduct and related policies

Outcomes/Actions:

1. The report was noted.

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9.4 Review of Investment and Strategic Income Policy

The report was taken as read and the Chief Financial Officer responded to various questions from Committee members. There was discussion regarding the policy clarifying the circumstances of which reviews and changes in the investment strategy occurred. The Chief Financial Officer agreed that the key drivers of any change in investment strategy would be included in the policy and undertake further benchmarking with other sector investment and income policies.

Outcomes/Actions:

1. The report was noted.
2. The Committee noted that section 9 of the *Local Government Act 2020 (Vic)* requires the Council to take account of the overarching governance principles when adopting policy and procedure. It was noted that the policy being presented for adoption by the Council will include a statement along the following lines:

“This policy has been developed having regard to the overarching governance principles set out in section 9 of the *Local Government Act 2020 (Vic)* and is consistent with those principles.”

The Chair undertook to provide some wording to Management that could be included in the policy, consistent with the above.
3. The Committee requested that future reports detailing the review process of various policies include a statement confirming that the review provides evidence to the Committee to assist with their overseeing responsibility noted in section 54 of the *Local Government Act 2020 (Vic)*.
4. The Chief Financial Officer to update the Investment and Strategic Income Policy with a clearer definition of what circumstances would require changes to the Council’s investments strategies after a comparison with other sector investment strategies.

9.5 Proposed Investment and Strategic Income Policy

Refer to item 9.4 above.

9.6 Current Investment Policy

Outcomes/Actions:

1. The report was noted.

10. External Audit

10.1 Internal audit report

VAGO presented the report and highlighted the audit focus for the cycle. These included COVID-19 impacts and changes within the *Local Government Act 2020 (Vic)*. The Committee suggested some improvement opportunities, noted below, which VAGO agreed to consider.

Outcomes/Actions:

1. The report was noted.
2. The Committee requested VAGO report to the May 2021 Audit and Risk Committee an updated Audit Strategy that reflects the fact that the audit opinion is on the consolidated annual financial report for the City of Melbourne and its subsidiaries.
3. The Committee requested VAGO provide assurance to the May 2021 Audit and Risk Committee meeting that the subsidiary company financial reports will be completed and provided to the City of Melbourne as per the agreed schedule.
4. The Committee requested VAGO include milestone dates in the Audit Strategy to the May 2021 Audit and Risk Committee meeting to ensure that Consolidated Reporting can be provided to the 3 September 2021 Audit and Risk Committee financial meeting.

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11. Subsidiary company reporting

11.1 Queen Victoria Market quarterly report

The Chair of the Queen Victoria Market Audit and Risk Committee and Acting Chief Executive Officer joined the meeting at 11:15 am.

Outcomes/Actions:

1. The report was noted.

11.2 Queen Victoria Market presentation

The Queen Victoria Market representatives provided a high-level presentation regarding their key risks, operations and performance and then responded to various questions from the Committee. The Acting Chief Executive Officer spoke to the challenges facing the market due to COVID-19. Various questions were asked by members regarding the future anticipated financial impacts of COVID-19, the QVM IT Strategy, vendor leasing and insurance arrangements with responses provided to the Committee's satisfaction.

Outcomes/Actions:

1. The report was noted.
2. The Committee requested QVM provide an overview of their strategies to mitigate the risks of future reduced trading. QVM undertook to provide an update following their strategic planning workshop to be held in March 2021.

The Chair of the Queen Victoria Market Audit and Risk Committee and Acting Chief Executive officer left the meeting at 11:33 am.

11.3 Citywide Service Solutions quarterly report

The Citywide Chief Executive Officer, Chair of the Citywide Safety, Risk & Sustainability Committee and Executive – Legal, Governance & Health, Safety and Environment Citywide joined the meeting at 11:33 am.

Outcomes/Actions:

1. The report was noted.

11.4 Citywide Service Solutions quarterly report

Citywide representatives provided a high-level presentation regarding their key risks, operations and performance and then responded to various questions to the Committee's satisfaction.

Outcomes/Actions:

1. The report was noted.

The Citywide Chief Executive Officer, Chair of the Citywide Safety, Risk & Sustainability Committee and Executive – Legal, Governance & Health, Safety and Environment Citywide left the meeting at 11:56 am.

12. Governance matters

12.1 Governance report

The General Manager Governance and Organisational Development presented the report and noted that from May 2021 onwards the OHS attachment to the Governance report would become a separate stand-alone agenda item. The recent significant insurance claim related to tree roots damage was also noted.

UNCONFIRMED MINUTES

Outcomes/Actions:

1. The report was noted.

12.2 QVM Precinct Renewal Program Risk Summary Report

The Acting Director Major Capital Works joined the meeting at 12:35 pm

The Acting Director Major Capital Works presented the summary report and spoke to impacts on the Queen Victoria Market from the renewal program. In response to a question from the Committee regarding the possible overlap of the planned Expression of Interest and the Planning Scheme Amendment approvals, the Acting Director Major Capital Works explained that the timeline was flexible and that the project team was mindful of the risks associated with this timing overlap and that it would be managed accordingly.

Outcomes/Actions:

1. The report was noted.
2. The Committee requested that the approved Queen Victoria Market renewal business case be presented to the August 2021 Audit and Risk Committee, subject to any delays with this approval.

The Acting Director Major Capital Works left the meeting at 12:45 pm

13. Matters for presentation to the next/upcoming Council meeting

13.1 Half Yearly Activity Report to Council

It was noted that the *Local Government Act 2020 (Vic)* requires that two reports a year are provided to the Council however the Committee discussed the consideration of increasing the reporting frequency from half-yearly to quarterly. The Committee noted that its unconfirmed minutes are tabled at Council for noting after each meeting and that this provides an opportunity to also provide further reporting on the work of the Committee.

14. Discussion on Meeting Outcomes

The Committee discussed the range of important matters set out in the agenda and their increased responsibilities as reflected in the Audit and Risk Committee Charter and the *Local Government Act 2020 (Vic)*.

Outcomes/Actions:

1. The Committee agreed to extend future Committee meeting times by 30 minutes to now occur from 9:30am to 1:00pm.

15. Committee meeting with External and Internal Audit in the absence of management

The Committee did not meet with External and Internal Audit in the absence of management.

16. Meeting close

The meeting closed at 12:55 pm.

Chairperson
Audit and Risk Committee
City of Melbourne