

## **Audit Committee Meeting No. 122**

held on 24 October 2018 at 12.00 pm in Civic Centre

**Present:** A. Hall, External Member  
F. Mansoor, External Member  
Cr. Turner, Councillor Member (arrived 1.07 pm)  
Cr. Hardy, Councillor Member

**Chairperson:** R. Tommasini, External Member

**Attendance:** K. Tori, Chief Executive Officer  
M. McCullagh, Internal Auditor  
C. Denyer, Manager Legal and Governance  
D. Caligari, Manager Capital Projects  
M. Noor, acting Manager Finance  
C. Santoro, Senior Administration Officer

The Chairperson officially opened the meeting at 12.02 pm.

**1. Apologies**

L. Tripodi, Internal Auditor

**2. Declaration of interests and/or conflict of interests**

Nil.

**3. Confirmation of minutes of previous meeting held on 29 August 2018**

**Motion**

Cr. Hardy/A. Hall

That the minutes of the Audit Committee meeting dated 29 August 2018 be confirmed as a true and correct record.

**Carried**

**4. Report Back From Council on Consideration of Previous Meeting Minutes**

Cr. Hardy informed the Committee that Council unanimously adopted the recommendations of the previous minutes of the Committee.

**5. Business Arising From Previous Minutes**

- 2018/2019 Capital Works Program Delivery – (to be discussed under Agenda Item 9)
- Recommendations 2572, 2452, 2525, 2504, 2493 & 2494 to be updated – (to be discussed under Agenda Item 18)

- Explanation as to why there are numbering gaps between 2558 and 2567 within the Internal Audit Recommendation Tracking Report was due to the fact that the recommendations emanating from the Project Management review were uploaded twice into the system, and therefore deleted.

The Committee were satisfied and noted the explanation.

Noted

- Explanation on why status on Recommendation 1845 decreased from 50% to 17% - (Refer to Memo from A. Hinds)

The Committee were satisfied and noted the explanation.

Noted

- Council's response to VAGO's report on 'Local Government Insurance Risks' in relation to Recommendations 3 to 7 – (Refer to Memo from A. Hinds)

The Committee were satisfied and noted the explanation.

Noted

- Report on Council's Processes on Employment/Recruitment addressing IBAC's key findings in relation to report on 'Corruption and Misconduct Risks Associated with Employment Practices in the Victorian Public Sector' – (Refer to report from J. Warner/D. Pickering).

The Committee were satisfied and noted the explanation.

Noted

## 6. **Audit Committee Annual Work Plan**

Annual Work Plan relating to this meeting noted.

The Chairperson enquired whether the Internal Auditor had a need to meet 'in-camera' with the Committee members.

The Internal Auditor, M. McCullagh, informed the Committee that this was not required.

## 7. **1<sup>st</sup> Quarter Finance Report 30 September 2018**

M. Noor presented the report and responded to questions raised by the Committee.

A. Hall raised a query on the accuracy of the '% of Rate Arrears Comparison graph', on page 17 of the report, compared to the figures within the Cash Flow Statement.

M. Noor informed the Committee that the accuracy of the percentage within the graph would be reviewed and the outcome tabled at the next meeting.

**Action: M. Noor**

### **Recommendation 1:**

That Council note the 1<sup>st</sup> Quarter Finance Report 30 September 2018.

**8. 4<sup>th</sup> (final) Quarter Capital Report 2017/2018 – D. Caligari**

D. Caligari presented the report and responded to questions raised by the Committee.

Noted

**9. 2018/2019 Capital Works Program Delivery – D. Caligari**

D. Caligari presented the report and responded to questions raised by the Committee.

Noted

*D. Caligari departed meeting 1.05 pm*

**10. Investment Holding Report as at 30 September 2018**

M. Noor presented the report and no questions were raised by the Committee.

Noted

**11. Hospitality & Entertainment Expenses 2017/2018 Report**

K. Tori presented the report and responded to questions raised by the Committee.

Noted

*Cr Turner arrived 1.07 pm*

**12. Credit Card Expenses 2017/2018 Report**

K. Tori presented the report, responded to questions raised by the Committee, and confirmed that he was comfortable with the figures.

Noted

**13. Councillor Expenses 2017/2018 Report**

K. Tori presented the report, responded to questions raised by the Committee, and confirmed that the amounts claimed were within expectations.

Noted

**14. Staff Excessive Annual Leave Report as at 30 September 2018**

K. Tori presented the report and responded to questions raised by the Committee.

Noted

**15. 2018/19 Council & Wellbeing Annual Action Plan Exception Report 1<sup>st</sup> Quarter 2018/19**

The Committee reviewed the report noting that 3 actions are currently listed as “Not on Track” with detailed explanations contained in the report.

No questions were raised by the Committee.

Noted

#### 16. Internal Audit Status Report as at 17 October 2018, including Program Calendar

M. McCullagh informed the Committee that the draft scope for the Melton Recycling Facility review was to be tabled at this meeting for endorsement, but a comprehensive review was recently conducted by an external expert prior to Council tendering out for the improvement of this facility. As this report covered the majority of the objectives that are contained within the draft scope, the Internal Auditor enquired whether an alternative review could be substituted.

##### **Recommendation 2:**

That a review on 'Follow Up of Previous Internal Audit Project Recommendations' be substituted for the Melton Recycling Facility audit, as this had not been conducted for a couple of years, and the Internal Auditors update the current Strategic Audit Plan on when this review will occur.

**Action: M. McCullagh**

The Internal Auditor informed the Committee, that due to a misunderstanding, the draft scopes for the Volunteers Management and Financial Controls reviews were to be tabled at this meeting for endorsement, but have not been included in the Agenda.

The draft scopes will be emailed to Committee members for review and endorsement

**Action: C. Santoro**

#### 17. Internal Audit Review on 'Leisure Centre Management'

M. McCullagh presented the report, surmising that there were no major concerns but the review identified opportunities to strengthen existing processes in relation to council-operated leisure centres, as per the recommendations.

Concerns were raised by the Committee in relation to the perceived minimal action management have taken or proposed to address the recommendations.

The Committee recommended that Management take the following actions (and record the recommended actions in the relevant Management Comments in the Audit Recommendations Tracking Tool:

- Management to write to the School in relation to the MIRC Facility Management Committee, and request a meeting be convened;
- Advise the MIRC Facility Management Committee that an emergency management exercise will be undertaken by Council during community use hours of the facility;
- Request documentation in relation to compliance of a smoke hazard management system for the MIRC.

**Action: T. Scoble**

##### **Recommendation 3:**

That the recommendations and management comments in the Leisure Centre Management report, including the above additional elements raised by the Committee, be adopted by Council.

**18. Internal Audit Recommendation Tracking Report**

R. Tommasini suggested the following recommendations, which have now been closed be omitted from the next report:

- 2574
- 2572
- 2554
- 2548
- 2525 and
- 2452.

Include previous management comments for recommendations 2550, 2524 and 2493 in the next report.

There is a management comment on page 6 of the report that is not linked to any recommendation, and may be deleted.

**Action: Cheryl Santoro**

**19. Report on Published Statements/Reports (if any)****– Acquisition of JLT Correspondence – Received 21 September 2018**

K. Tori informed the Committee that no further updates on the acquisition have been received and no questions were raised by the Committee.

Noted

**– Local Government Inspectorate ‘Annual Report 2017/18’ – published September 2018**

No questions were raised by the Committee.

Noted

**• IBAC’s Annual Report 2017/18 – published September 2018**

No questions were raised by the Committee.

Noted

**– Victorian Ombudsman Report on ‘Investigation into Allegations of Improper Conduct by former Officers a Goulburn Murray Water’ – published September 2018**

The Committee noted the interesting findings of the report, but no questions were raised by the Committee.

Noted

**– VAGO Report on ‘Delivering Local Government Services’ – published September 2018**

In relation to the Rate cap calculation mentioned within the report, A., Hall suggested Council conduct a calculation with Interface Councils on expenditure per capita basis and table for next meeting.

**Action: S. Rumoro**

The Committee also requested that a report on Council's response to VAGO's recommendations 1 to 4 be tabled at the next meeting.

**Action: P. Bean**

## **20. General Business**

No matters were raised under this agenda item.

*M. Noor/M. McCullagh departed 2.02 pm*

## **21. Other matters as determined by the Chief Executive Officer/Committee Chairperson (including any identified Fraud instances (if any))**

*Note – Matters discussed under this Agenda item are dealt with “in-camera” as they may relate to contractual, legal or personnel matters.*

## **22. Quarterly Legal Report**

*Note – Matters discussed under this Agenda item are dealt with “in-camera” as they relate to contractual, legal or personnel matters.*

### **Close of Business**

The meeting closed at 2.08 pm.

### **Next Meeting**

The next meeting is to be held on 5 December 2018 commencing at 12.00 pm in the Conference room