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Audit Committee Meeting No. 121 held on 29 August 2018 at 12.00 pm in Civic Centre

- Present:** A. Hall, External Member
F. Mansoor, External Member
Mayor Turner, Councillor Member
Cr. Hardy, Councillor Member
- Chairperson:** R. Tommasini, External Member
- Attendance:** M. Peters, External Auditor
L. Clark, External Auditor
K. Tori, Chief Executive Officer
C. Denyer, Manager Legal and Governance
S. Rumoro, Manager Finance
D. Caligari, Manager Capital Projects
N. Teuma, Coordinator Accounting Services
C. Santoro, Senior Administration Officer

The Chairperson officially opened the meeting at 12.05 pm.

1. **Apologies**

Nil

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

Nil.

3. **Confirmation of minutes of previous meeting held on 27 June 2018**

Motion

Cr. Hardy/A. Hall

That the minutes of the Audit Committee meeting dated 27 June 2018 be confirmed as a true and correct record.

Carried

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

Cr. Hardy thanked the Audit Committee members in relation to the presentation of the Audit Committee Annual Report held on Monday 27 August 2018.

5. **Business Arising From Previous Minutes**

– VAGOs Interim Management Letter 2017-2018 (circulated by email to Committee members 9/7/2018)

Noted



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- Fraud Report removed from Annual Plan Noted
- External Audit Performance *(to be discussed under Agenda Item 18)* Noted
- Key Risk Matters Summary Report *(to be discussed under Agenda Item 15)* Noted
- Completed Risks from previous meeting reinstated into report *(to be discussed under Agenda Item 14)*
R. Tommasini advised that this item should read “Completed Audit Recommendations”, not “Completed Risks”. Noted
- Arrangement for Chairperson to attend an annual Assembly of Councillors *(Chairperson and other Independent Members attended the 27 August 2018 Council Briefing meeting)* Noted
- Audit Committee Feedback Questionnaire Summary report *(to be discussed under Agenda Item 12)*. Noted

6. Discussion with External Auditors re Annual Financial Statements and Performance Statement 2017/2018 (Note: Items 6-8 dealt with together)

7. VAGO’s draft Closing Report for the Financial Year Ended 30 June 2018

8. VAGO’s draft Final Management Letter for the Year Ended 30 June 2018

M. Peters summarised the audit of Council’s Financial Statements and Performance Statement, informing the Committee that the audit focused on balances, disclosures and areas where there may be a higher risk of material misstatement, concluding that no exceptions were noted.

After further discussion it was agreed that the following amendments be made to the draft Annual Financial Statements and Performance Statement:

- Amend Statement of Capital Works in relation to Roads and Bridges
- Rates Compared to Property Values ratio to be adjusted in Performance Statement
- Year headings in Note 4.2 to be corrected.

Recommendation 1:

That Council adopt in principle the draft Annual Financial Statements and Performance Statement for year ended 30 June 2018, as amended following the above identified matters.

Further discussion took place in relation to the Auditor’s Closing report and Management Letter including the ongoing issue of purchase orders being raised after receipt of invoice. S. Rumoro informed the Committee that reports on non-compliance have only recently been developed and are now being issued to the relevant Managers to address with their direct reports/teams.

It was requested that a report be tabled to the Audit Committee on the progress of this issue.

Action: S. Rumoro



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9. Committee to Meet with Auditors (in the absence of Management)

Council Officers departed meeting 12.58 pm

Council Officers returned to meeting at 1.01 pm

M. Peters/L. Clark departed meeting at 1.01 pm

Chairperson requested notation in the minutes that no issues of concern arose from discussion with Auditors.

10. 2017/2018 Finance Report Year Ended 30 June 2018

S. Rumoro presented the report and responded to questions raised by the Committee.

Recommendation 2:

That Council note the Finance Report for the Year Ended 30 June 2018.

The Committee requested a presentation at the next Audit Committee meeting on the process in place to deliver the 2018/2019 Capital Works program.

Action: D. Caligari

11. Investment Holding Report as at 30 June 2018

S. Rumoro presented the report and responded to questions raised by the Committee.

Noted

12. Audit Committee Annual Work Plan

Fraud Report removed from Annual Work Plan

Noted

– Summary of Audit Committee Performance Survey

Discussion took place on the results and comments of the survey, and whether another survey should be conducted towards the end of the year. Consensus was not to conduct another survey but to review the current questions prior to the next survey being conducted next year.

Action: Audit Committee Chair & C. Santoro

13. 2017/18 Council Wellbeing Annual Action Plan Year End Exception Report

K. Tori informed the Committee that of the 153 actions, 2 were postponed and only 9 are currently not on track, with a reasonable result of 92.8% of actions that have been achieved or are on track to be achieved.

Noted



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14. Internal Audit Recommendation Tracking Report

The Committee noted the continued good progress being made on the recommendations contained within the report and sought clarification/updates to the following:

- 2572: recommendation completed, but management comment does not address the action taken to complete recommendation
- 2452: Management comment missing
- 2525: is completed
- 2504: No management comments
- 2493 & 2494: Revise due date and update.

Action: Risk Owners

Confirmation required that the report has not omitted any recommendations, as there is a gap on the numbering of recommendations between 2558 to 2567.

Action: Cheryl Santoro

15. Key Risk Matters Update and Summary Report

In relation to risk 1845 'Failure of Service Provider', the status in January 2018 was 50%, but in July 2018 this had decreased to 17%, therefore the Committee requested a response on why the status has decreased by 33%.

Action: A. Hinds

16. Report on Published Statements/Reports (if any)

– VAGO Report on Local Government Insurance Risks – published July 2018

After discussion in relation this report, the Committee requested that a report on Council's response to VAGO's recommendations 3 to 7 be tabled at the next meeting.

Action: A. Hinds

– Response from CEO of MAV in response to VAGO's report on Local Government Insurance Risks – July 2018

Noted

– IBAC Report on Corruption and Misconduct Risks Associated with Employment Practices in the Victorian Public Sector – published August 2018

After discussion in relation this report, the Committee requested a report on Council's processes on employment/recruitment addressing IBAC's key findings.

Action: J. Warner

– Victorian State Government Best Practice Guide for Gender Equity in Local Government – publish July 2018, including Minister's Statement dated July 2018

C. Denyer provided a summary document of Council's position in relation to the 17 suggested actions emanating from this guide.

The Committee noted the report and that actions had commenced, and should be referred back only if action does not continue.

Noted

17. General Business

A. Hall informed the Committee that his term on the Audit Committee is due to expire at the end of this year, and although he is not eligible for reappointment, he requested the right to



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exercise the option to apply if no suitable application is received, as per Council's Audit Committee Terms of Reference.

Discussion took place on future advertisements for the appointment of Audit Committee members, and the possibility of advertising in state-wide newspapers, not just local papers, in order to attract more applications, including female representation.

Action: C. Santoro

18. External Audit Performance

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

S. Rumoro/N. Teuma departed 2.09 pm

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

Nil

20. Quarterly Legal Report

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

Next Meeting

The next meeting is to be held on 24 October 2018 commencing at 12.00 pm in the Conference room.

Close of Business

The meeting closed at 2.17 pm.