

Meeting	Minutes of Audit Committee
Date	Tuesday 11 June 2019 Time 1.15pm (Committee to meet in committee at 1pm) Duration: 2.0 hour meeting Location: Meeting Room 1, Chambers, Leongatha
Attendees	Dr. AJ (John) Purcell (Chair) Mr. Homi Burjorjee Mr. Chris Badger Cr Don Hill (Mayor) Cr Rosemary Cousin Support Staff: Bryan Sword: Acting CEO, Phil Dwyer: Manager People and Culture, Stuart Smith: Coordinator Accounting Systems, June Ernst: Coordinator Corporate Planning and Council Business, Luke Anthony: Coordinator Risk and Eve Hollole: Senior Risk Officer. Internal Audit: Richmond, Sinnott and Delahunty (RSD): Kathie Teasdale: Principal. External Audit: Victorian Auditor General's Office (VAGO): Sanchu Chummar: Senior Manager and Joel Christidis: Senior Auditor
Apologies	Tim Tamlin: CEO, Faith Page: Director Corporate and Community Services, Anthony Seabrook: Director Infrastructure
In Committee Section	Committee met In-Committee with Internal and External Auditor.
Disclosures of Interest	Dr Purcell as member of Baw Baw Shire, Knox City and Wyndham City Councils' Audit Committees. Mr Homi Burjorjee as member of Knox City Council, Cardinia Shire Council, Ararat Rural City Council, Bass Coast Shire Council and Office of Public Prosecutions Audit Committees. Mr Chris Badger as non – executive director of Gippsland Water, Gippsland Waste and Recovery Group. Chair of Gippsland Waste and Resource Recovery Group Audit and Risk Committee. Member of Wellington Shire Council Audit Committee. Director CDD Energy/Utility Consultancy.
Confirmation of Minutes of previous meeting	Committee approved the report of the Audit Committee meeting held on 12 March 2019, noting that Cr. Cousin will email the Senior Risk Officer with a list of points for clarification regarding the Public Health and Well Being Act 2008 (Vic) and Bald Hills Windfarm. Moved: Cr. Hill Seconded: Mr. Burjorjee
Advise of known or potential breaches of legislation	Committee advised of potential breach of the Local Government Act 1989 section 76D(1).

Agenda Item	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report Financial Performance Report: Jul 18 to April 19	Coordinator Accounting Systems	Committee noted and discussed report, noting the Manager Finance provided clarification on questions raised at the 12 Mar 19 meeting. Committee made the following recommendations: <ul style="list-style-type: none"> • “Working Capital” in glossary should be “Working Capital Ratio” and definition should be amended accordingly; • Summarise the budget variation requests and include an example of three to four major variation requests; • Cash flow activities (Operations, Financing, Investing summary) should be listed in the cash flow executive summary; • KPI targets for the LTFP should be included so that target numbers/variations are easier to ascertain; • Remove loan advances made and repayment of loans and advances from cash flow statement; and • Add a key to indicate what constitutes “green”, “amber” and “red” in the table on page 13 of the executive summary. Moved: Cr. Hill Seconded: Mr. Badger
1.2 Annual Budget	Coordinator Accounting Systems	Committee noted draft 2019/20 Budget was presented to Council on 20 March 19. Committee further noted that Manager Finance provided further clarification in relation to “Operating Expenditure Budget Requests” in relation to “Full Year Drafts vs Revised Budgets”.
1.3 Performance report (non-financial) and Local Government Performance Reporting Framework: LGPRF Results: Jul 18 – Mar 19 and Organisational Performance Report – July 18 – Mar 19	Coordinator Corporate Planning and Council Business	Committee noted and discussed report, noting that the Manager Finance provided further clarification regarding the components contained in unrestricted cash as compared to current liabilities as requested at the 12 Mar 19 meeting. Moved: Cr. Hill Seconded: Mr. Badger
2. Risk Management		
2.1 Risk Profile and Registers Strategic Risk Register	Senior Risk Officer	Committee discussed report and further requested that: <ul style="list-style-type: none"> • It be provided with an overview of Council’s Risk Management Framework at the Dec 19 meeting and in particular, on Council’s Risk Appetite; • The Risk Review for Shared Services be reviewed after the funding announcement which is expected in mid to late June 19; and • Cr. Hill and Cr. Cousin raised concerns regarding the increased risk rating for the Financial Sustainability risk. Moved: Cr. Hill Seconded: Mr. Burjorjee

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2.2 Strategic Risk Committee (SRC) Minutes Strategic Risk Committee Minutes: 23 April 2019	Senior Risk Officer	Committee noted and discussed report.
2.3 Quarterly report from CEO/Director	Acting CEO / Communications and People and Culture	Committee received a report from the Acting CEO regarding relevant risks from the Strategic Risk Register. Moved: Mr. Burjorjee Seconded: Cr. Hill
2.4: Fraud, Corrupt Conduct or possible illegal acts: review any instance of fraud or possible illegal acts.	Risk Coordinator	Verbal report: Committee received a verbal report on two burglaries and potential breach of LGA 76D. Moved: Cr. Hill Seconded: Mr. Burjorjee
3. OHS Trends and Annual Leave Balances		
OHS Trends and Annual Leave Balances Report	Manager People and Culture	Committee noted and discussed report, and further recommended that for the next report, officers: <ul style="list-style-type: none"> • Adopt the use of frequency rates to benchmark against industry comparisons; • Include contractor OHS claims / incidents in OHS reporting and frequency rates; and • Clarify the vertical scale in the graphs contained on page 100 (OHS and Return to Work Trends). Moved: Cr. Hill Seconded: Mr. Badger
4. Internal Audit		
4.1 Planned Internal Audits Internal Audit Report Draft Internal Audit Scope OHS and RTW Draft Internal Audit Scope Capital Works	Senior Risk Officer	Committee noted and approved reports. C Badger queried what the capital works audit was referencing in terms of good practice standards (e.g. PMBok, ISO55000) and that this should be considered in the audit scope. Committee noted management has considered its capabilities to meet its obligations under the Public Health and Well Being Act 2008 (Vic) relating to noise complaints and determined it has adequate capability to meet minor noise complaints (e.g. barking dogs) and for more significant complaints (e.g. industrial noise), equipment and capability can be sourced from the EPA or qualified consultants. Committee noted that Manager Finance confirmed that Council does not have a Diversity Policy as requested at the 12 Mar 19 meeting. Moved: Cr. Hill Seconded: Mr. Burjorjee
4.2 Internal Audit Plan Internal Audit Plan 2020/2021	Senior Risk Officer	Committee noted and discussed draft audits for consideration for the 2020/2021 Financial Year for finalisation by Dec 19.

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		Moved: Mr. Burjorjee Seconded: Cr. Hill
4.3 Internal Audit Recommendation Implementation Internal Audit Recommendation Action Report	Senior Risk Officer	Committee postponed this report to the December 19 meeting and requested the inclusion of a one page summary. Moved: Mr. Burjorjee Seconded: Cr. Hill
4.4 Internal Audit Function Review: review the internal audit function (internal auditor performance), monitor satisfaction with internal audit service. Internal Auditor Annual Performance Review 18/19	Senior Risk Officer	Committee postponed this report to the December 19 meeting. Moved: Mr. Burjorjee Seconded: Cr. Hill
5. External Audit		
5.1 VAGO Interim Management Letter VAGO Interim Management Letter	VAGO	Committee received and discussed report. Verbal report: Committee received a verbal report regarding procurement process breach reported to VAGO by Council officers, relating to contract variation beyond approved delegation. Committee noted that Council's approach to variations will be further reviewed by VAGO during their next audit visit. Moved: Cr. Hill Seconded: Mr. Burjorjee
6. Compliance and ethics		
Regulatory Report	Risk Coordinator	Committee postponed this report to the December 19 meeting, including verbal report regarding online training options for fraud and corrupt conduct and mentoring options for Councillors as requested at the 12 Mar 19 meeting. Moved: Mr. Burjorjee Seconded: Cr Hill
7. Reporting responsibilities		
7.1 Audit Committee reports regularly to Council	Senior Risk Officer	Committee noted that the 12 March 19 Minutes were reported to Council at the 24 April 19 Ordinary Meeting of Council.
8. General		
8.1 Committee performance: assess Committee performance. Committee Performance Report 2018/19	Senior Risk Officer	Committee postponed this report to the December 19 meeting. Moved: Mr. Badger Seconded: Mr. Burjorjee
8.3 Audit Committee Charter and Policy Revised Audit Committee Charter Revised Audit Committee Policy	Senior Risk Officer	Committee discussed and approved reports and recommended that Mr. Badger and Mr. Burjorjee provide the Senior Risk Officer with some proposed drafting regarding the appointment and removal of Members in the Audit Committee Charter. Cr. Cousin requested a flow chart be provided to the Committee so that Audit Committee members can better understand the obligation of confidence in relation to Audit Committee documents.

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		Moved: Cr. Hill Seconded: Mr. Badger
9. General Business		
Committee received a verbal update on the Commission of Inquiry into South Gippsland Shire Council.		
10. Close / Next meetings: Monday 9 September 2019 and Monday 9 December 2019.		