

Meeting	Report of Audit Committee
Date	Monday 3 April 2017 Time 1.15pm (Committee met in committee at 1.00pm with internal & external auditor) Duration: 2 hour meeting Location: Meeting Room 2, Council Chambers, Michael Place, Leongatha
Attendees	<p>Dr Irene Irvine (Chair) Dr John (AJ) Purcell Homi Burjorjee Cr Ray Argento (Mayor) Cr Lorraine Brunt</p> <p>The Committee welcomed Homi Burjorjee to the Committee.</p> <p>Support Staff: Tim Tamlin: CEO, Vanessa Adams: Acting Director Corporate & Community Services, Tom Lovass: Manager Finance, Risk and Procurement, Luke Anthony: Coordinator Risk and Procurement, Phil Dwyer: Manager People and Culture and Eve Hollole: Risk Coordinator. Internal Audit: Richmond, Sinnott and Delahunty (RSD): Ryan Kienhuis, Auditor. External Audit: Sanchu Chummar, Senior Manager Financial Audit, VAGO.</p>
Apologies	
In Committee Section	Committee met internal auditor (RSD) and external auditor.
Disclosures of Interest	<p>Dr Irvine as a member of South Gippsland Water, Walkerville Foreshore Committee and Walkerville Residents Association. Dr Purcell as member of Baw Baw Shire, Bayside City and Banyule City Audit Committees. Homi Burjorjee as member of City of Casey, City of Whittlesea, Cardinia Shire Council, Ararat Rural City Council and Office of Public Prosecutions Audit Committees.</p>
Confirmation of report of previous meeting	Committee approved the report of the Audit Committee meeting held on 12 December 2016.
Advise of possible breaches of legislation/compliance	Nil to report

	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report	Manager Finance	Committee noted Jul-Nov 16 Report: Item 4.1.1 to the 22 Feb 17 Council Meeting Agenda. Action: it was agreed to provide Draft Budget to Dec 17 Audit Meeting and provide more timely Quarterly Financial reports to the committee.
1.2 Performance report (non-financial)	Director Corporate and Community Services	Committee noted Oct – Dec 16 report: Item 4.2.1 to 22 Feb 17 Council Agenda.
1.3 Local Government Performance Reporting Framework	Director Corporate and Corporate Services	Committee noted and discussed July – December 2016 report, noting that the increased costs for open air swimming pools were due to reduced attendances.
2. Internal Control System		
2.1 Internal Control System	Risk and Procurement	Committee noted report of litigation being undertaken against Council.
2.2 Policy Reviews	Coordinator Risk and Procurement	Committee approved Procurement Policy for presentation to Council. Action: provide Audit Committee with Leasing Policy and delegations associated with Leasing.
3. Risk Management		
3.1 Risk Management Systems	Coordinator Risk	Committee noted Risk Management Framework and Policy adopted by Council on 22 March 2017 and commended officers for this review.
3.2 Strategic Risk Committee (SRC) Minutes	Coordinator Risk	Committee noted SRC minutes from 21 Feb 17, noting that there were no significant additional risks identified.
3.3 Quarterly report from a Director / CEO Direct Report	Manager People and Culture	Committee received risk report from Phil Dwyer, Manager People and Culture and commended People and Culture team for improvements and initiatives underway to reduce WorkCover claims.
3.4 OHS Trends and Annual Leave Balances	Manager People and Culture	Committee discussed reports and noted efforts to reduce the number of employees with excess Annual Leave.
3.5 Insurance Coverage	Risk and Procurement	Committee noted Insurance report.
3.6 Fraud or possible illegal acts	Risk and Procurement	Committee noted report relating to an external theft from Council.
4. Internal Audit		

	Responsible	Comment / Action
4.1 Planned Internal Audits	Coordinator Risk and Procurement	<p>Committee received internal audit reports including:</p> <ul style="list-style-type: none"> • Section 86 Committee Audit Report: noting management comments and commended staff on audit outcome. • Asset Management & Road Maintenance/Inspections Audit: noting preliminary findings. • Councillor Expenditure & Code of Conduct Compliance Draft Audit Scope: approved scope to commence 19 Jun 17, with the addition of Conflict of Interest and related party disclosure. Committee requested Management review the hours allocated to ensure adequacy. • Maternal & Child Health incl. Immunisation: approved to occur Jul 17 with Audit Scope to be presented to 5 Jun 17 Audit Meeting. <p>Action: to include an Audit Purpose and reference relevant Strategic and Operational Risks in Audit Scopes and Reports.</p>
5. External Audit		
5.1 External Auditor Proposed Audit Scope / Strategy	VAGO	<p>Committee received External Audit Proposed Audit Scope and noted new materiality and related party transaction disclosure requirements arising from changes to accounting standards. The committee commended officers on the implementation of the new Oracle financial system.</p> <p>Action: Committee requested a report on progress towards related party transaction disclosure compliance at the Jun 17 meeting.</p>
6. Compliance and ethics		
6.1 Regulatory updates	Coordinator Risk and Procurement	<p>Committee noted and discussed reports related to:</p> <ul style="list-style-type: none"> • VAGO Key Audit Themes 2015 – 16: including SGSC responses. • Victorian Ombudsman: Investigation into the transparency of local government decision making, including SGSC responses. <p>Action: Committee requested consideration of a compliance monitoring matrix for Sept 17 Committee Meeting.</p>
7. Reporting responsibilities		
7.1 Audit Committee reports regularly to Council	Risk and Procurement	Committee noted 12 Dec 16 Minutes reported to Council on 22 Feb 17.
7.2 Audit Chair Annual Report to Council	Committee Chair	Committee noted report was presented on 14 Dec 16.
8. General		

	Responsible	Comment / Action
8.1 Committee Independent Member fees	Coordinator Risk and Procurement	Committee noted Council increased Independent Member fees to \$800 for Independent Member and \$1,000 for Chair per meeting (incl. travel) at 22 Feb 17 meeting.
8.2 Independent Committee Membership	Coordinator Risk and Procurement	Committee noted Council appointed Homi Burjorjee as Independent Member for an initial three year term concluding 21 February 2020.
8.3 Audit Committee Charter	Coordinator Risk and Procurement	Committee noted Council adopted updated charter at 22 Feb 17 Council Meeting. The Dec 17 Charter review should discuss potential changes to the Committee's responsibilities which may arise due to the current Local Government Act review.
9. General Business		
9.1 December Meeting Reschedule Request: it was decided to leave the December meeting to occur on 4 Dec 17.		
9.2 Vanessa Adams, Acting Director Corporate and Community Services: was thanked for her contribution to the Committee whilst acting in the DCCS position.		
10. Close / Next meetings: Monday 5 June 2017, Monday 11 September 2017 and Monday 4 December 2017.		