

09.03.1.1. Audit Committee Minutes - 4 December 2017

Meeting	Report of Audit Committee
Date	Monday 4 December 2017 Time 1.15pm (Committee to meet in committee at 1.00pm with internal auditor) Duration: 2.5 hour meeting Location: Meeting Room 2, Michael Place Leongatha.
Attendees	Dr Irene Irvine (Chair) Dr John (AJ) Purcell Mr Homi Burjorjee Cr Lorraine Brunt (Mayor) Cr Ray Argento Support Staff: Tim Tamlin: CEO, Faith Page: Director Corporate & Community Services, Anthony Seabrook: Director Infrastructure, Bryan Sword: Director Development Services, Luke Anthony: Coordinator Risk and Procurement and Eve Hollole: Risk Coordinator. Internal Audit: Richmond, Sinnott and Delahunty (RSD): Nathan Barber, Audit Manager.
Apologies	Stuart Smith, Acting Manager Finance, Risk and Procurement
In Committee Section	Committee meet with internal auditor (RSD).
Disclosures of Interest	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, Cardinia Shire Council, Ararat Rural City Council, Bass Coast Shire Council and Office of Public Prosecutions Audit Committees.
Confirmation of report of previous meeting	Committee approved report of the Audit Committee meeting held on 11 September 2017.
Advise of possible breaches of legislation/compliance	Committee was advised in Item 6.1 that Council did not conduct Section 81(2B) and Section 86(6) reviews within 12 months of the Council Election as required by the Local Government Act 1989 (Vic). These reviews are now currently scheduled for 20 December 2017.

Agenda Item	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report	Manager Finance	Committee noted and discussed the Financial Performance Report: Jul – Oct 17 and Capital Works Report. The Committee also noted that the Draft 2018/19 Budget will be distributed to the Committee for feedback via e-mail when it is to be distributed to Council for briefing. Action: the Committee requested: <ul style="list-style-type: none"> • Additional financial information: Mr Burjorjee to provide details. • Annual Capital Works report (in Dec). Dr Purcell to provide details.
1.2 Performance report (non-financial)	Director Corporate and Community Services	Committee noted the July-Sept 17 report is no longer produced and that the next report covering the period 17 Jul – Dec 17 report will be included with Council Agenda for 28 Feb 18 Council Meeting.
1.3 Fiduciary Duty: review any reports concerning material violation or breaches of fiduciary duty.	Manager Finance	Committee noted there have been no violations or breaches of financial duty during the 16/17 FY or previous years.
2. Internal Control System		
2.1 Internal Control System	Coordinator Risk and Procurement	Committee noted and discussed report. Action: the Committee requested: <ul style="list-style-type: none"> • Additional controls be added to the report related to Regulatory update reports and Annual Report s186 compliance statement. • A report outlining which Regulatory Inquiries they had received reports on to determine any gaps.
2.2 Policy Reviews	Coordinator Risk and Procurement	Committee noted and discussed Council's Policy Review Schedule / implementation assessment for Top 10 Policies. Further the Committee approved updates to the Procurement Manual to provide financial delegations for Property Leases to meet the VAGO recommendation following further consultation with the Mayor.
3. Risk Management		
3.1 Risk Management Systems	Coordinator Risk	Committee noted and discussed report.
3.2 Strategic Risk Register	Coordinator Risk	Committee discussed report. Action: requested names in the Strategic Risk Register be updated and Risk Review for Bald Hills Windfarm be amended to reflect costs.
3.3 Strategic Risk Committee (SRC) Minutes	Coordinator Risk	Committee noted and discussed SRC minutes from 31 Oct 17.
3.4 Quarterly report from a Director / CEO Direct Report	Director Development Services	Committee received a report from the Director of Development Services on key relevant risks from the Strategic Risk Register.
3.5 General Risk Management	Coordinator Risk and Procurement	Committee noted and discussed Litigation and Land Sales reports as requested at the 11 Sept 17 Audit Committee meeting. Action: recommended Council considers participating in IBAC's independent "Perception of Corruption" survey.

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4. Internal Audit		
4.1 Planned Internal Audits	Coordinator Risk	Committee approved the Tendering scope and agreed to delay audit until 18/19 due to a review of resourcing / staff changes, noted the Waste Water Management Plan audit may be delayed to provide further time to implement the plan and accepted M&CH audit report. Action: the Committee requested: <ul style="list-style-type: none"> • A list recommending audit projects for 18/19 at Feb 18 meeting. • Item 2.6 in MC&H audit be updated to consider risk to the child.
4.2 Audit Recommendation Implementation	Coordinator Risk	Committee discussed reports relating to audit recommendation action implementation and Councillor feedback from Councillor Expenditure and Code of Conduct Audit Report. Action: the Committee: <ul style="list-style-type: none"> • Agreed to send a letter to Councillors responding to feedback. • Requested high and medium actions be reported every six months with high rated behind schedule actions reported quarterly.
4.3 Internal Audit Function Review: review the internal audit function (internal auditor services/performance).	Coordinator Risk	Committee noted and discussed report and provided additional feedback relating to improvement opportunities.
5. External Audit		
5.1 VAGO Financial Management Letter	VAGO	Committee noted Financial Management Letter 16/17 with management comments. Committee noted only the Closing Report was presented to 11 Sept 17 Meeting as the Financial Management Letter was not available from VAGO in time for distribution.
6. Compliance and ethics		
6.1 Legislative Compliance and Ethics Program	Coordinator Risk and Procurement	Committee noted and discussed report. Committee further noted that Council is implementing a Compliance system to meet the Apr 17 action to provide a compliance monitoring matrix to the Committee.
6.2 Regulatory Updates: keep informed of findings of examinations by regulatory agencies.	Coordinator Risk and Procurement	Committee noted and discussed a compliance report arising from the inquiries into Central Goldfields Shire Council (LG Inspectorate) and Ararat Rural City Council (Minister Local Government) noting the controls and improvement actions in place to address findings.
7. Reporting responsibilities		
7.1 Audit Committee reports regularly to Council	Coordinator Risk	11 Sep 17 Minutes will be reported to Council on 20 Dec 17.
8. General		
8.1 Establish meeting dates for forthcoming year	Coordinator Risk	Committee agreed on the following meeting dates for 2018 as per below. <p style="text-align: center;">Monday 5 February 2018 Monday 4 June 2018</p>

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		<p>Monday 10 September 2018 Monday 19 November 2018</p> <p>Committee noted Dr Irvine will be an apology at 10 Sept 18 meeting.</p>
8.2 Review effectiveness of Secretariat support performance.	Chair	Committee provided feedback in – Committee to management on the performance of the Audit Committee secretariat.
8.3 Committee performance / fees	Coordinator Risk	Committee noted a report on the Committees performance and that in accordance with the Charter, Independent Member Fees will increase by 2% in line with Councillor allowances from 1 Dec 17, from \$800 to \$816 for Independent Members and from \$1,000 to \$1,020 for Chair per meeting.
8.4 Committee Chair 2018	Committee	Committee nominated Dr. John Purcell as Audit Chair for 2018 to be recommended to Council at the 28 February Council Meeting.
8.5 Independent Committee Membership	Coordinator Risk	<p>Committee noted:</p> <ul style="list-style-type: none"> • Dr John (AJ) Purcell: it will be recommended to Council on 20 Dec 17, to reappoint Dr Purcell for a second and final three year term to commence on 25 Feb 18 and conclude on 24 Feb 21. • Dr Irene Irvine: final three year term concludes on 30 Nov 18. • Mr Homi Burjorjee: initial three year term concludes 21 Feb 20. • Vacancy: advertising to fill Dr. Irvine’s vacancy will commence in Jul 18 with a view to Council appointing at Sept Council meeting and the new appointment attending first meeting in 2019.
8.6 Audit Committee Charter	Coordinator Risk	Committee noted staff are currently reviewing the Charter and will present any recommendations arising at the next Audit Committee Meeting, noting formal review is not scheduled until Feb 2020.
8.7 Audit Committee Plan for next calendar year	Coordinator Risk	Committee reviewed proposed Audit Committee Plan for 2018, noting that it would be updated to include Annual Capital Works Report and that the six monthly Internal Audit Recommendation Implementation Report would be expanded to include medium rated actions in detail and high rated behind schedule actions reported quarterly.
9. General Business		
9.1: Press Release Distribution: will be distributed on a fortnightly basis via e-mail.		
9.2: South Gippsland Action Group: Committee recommended that Council should not provide any information to the South Gippsland Action Group above and beyond what would reasonably be required to access Council services or understand Council materials.		
10. Close / Next meetings: see item 8.1 above.		