

**MINUTES OF AUDIT COMMITTEE MEETING**  
**HELD 4 JUNE 2019 IN THE COUNCIL CHAMBER, SHIRE HALL.**  
*Meeting commenced 1.00 PM.*

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**PRESENT**

Mr. Homi Burjorjee (Chairperson), Mr. Brian Keane, Mr. Robert Tommasini, Cr Bill Braithwaite, Dr. Tim Harrison, Mr. Alistair Rowe, Mr. Brad Ead, Mr. James Avery, Ms. Cassandra Gravenall (by phone 1.03pm to 1.25pm)

## **1 PROCEDURAL MATTERS**

### **1.1 Apologies**

Cr. Peter Beales.

### **1.2 Confirmation of Minutes**

The minutes of the meeting held 5 March 2019 were considered and Audit Committee was prepared to confirm the minutes.

**MOVED MR BRIAN KEANE**  
**SECONDED CR BILL BRAITHWAITE**  
**CARRIED**

### **1.3 Disclosure of Interests**

*Nil.*

### **1.4 Matters arising from Minutes 5 March 2019**

#### **1.4.1 Fraud & Corruption Policy and Plan.**

##### **Background**

At the last Audit Committee meeting the Committee requested the following changes to the Fraud & Corruption Policy & Plan.

##### **Discussion**

The following changes have been made:

Fraud & Corruption Policy:

- page 2 - change staff to employees
- page 2 – change internal audit committee to internal audit

Fraud Plan:

- refer to other human resources policies including Equal Opportunity-Anti Discrimination – Harassment and Bullying
- page 2 – change altercation to alteration.

The revised Policy will be presented to Council in June for adoption.

#### **1.4.2 Gap Analysis – Local Government Insurance Risks.**

##### **Background**

At the last Audit Committee meeting the Committee requested Management provide a gap-analysis on Local Government Insurance Risks, covering the findings of the Victorian Auditor-General's Office (VAGO) Report on Local Government Insurance Risks.

##### **Discussion**

VAGO issues a report on Local Government Risks in July 2018. The audit assessed whether councils are prudently managing their insurable risks by understanding and mitigating the risks they face and obtaining adequate and cost-effective insurance coverage. VAGO focused on councils' public liability/professional indemnity insurance (PL/PI insurance) and property insurance because they are councils' two largest insurance purchases.

The audit concluded Councils are not always giving the purchase of their insurance the thorough consideration.

Council officers prepared a gap-analysis report which was included in the agenda. The Committee discussed the need to have cyber crime insurance coverage. The Committee was also presented with a list of current insurance policies and premiums. The Committee

recommended Management prepare an annual report on insurance policies, including the level of coverage, the premiums and the excess for each type of insurance.

**MOVED MR ROBERT TOMMASINI**

**SECONDED MR BRIAN KEANE**

**That the Gap Analysis Report – Local Government Insurance Risks be received.**

## **2 DECISION**

### **2.1 Internal Audit – Local Laws**

#### **Background**

AFS & Associates are Council's Internal Auditors and recently audited Local Laws.

#### **Discussion**

The objective of the audit was to review the operations of the Local Laws Unit including cash handling, Policy and Procedure compliance and OHS Management.

The audit concluded there were 4 areas of strength but 6 areas rated as moderate risks and 4 areas rated as minor risks. The definition of a moderate risk is medium likelihood and/or consequence – requires attention over time. The definition of a minor risk is low likelihood and/or consequence – attention at management discretion.

The audit report was included in the agenda.

**MOVED MR BRIAN KEANE**

**SECONDED CR BILL BRAITHWAITE**

**That the Audit Committee recommends Management:**

- 1. Conduct a risk assessment to identify all risks associated with the local laws function.**
- 2. Monitor parking more regularly with minimum patrols in a set time frame, and have higher levels of budget performance accountability for the Unit.**
- 3. Ensure Parking Meters are consistently operating at full capacity and maintenance needs attended to in a timely manner**
- 4. Implement a cash count form which requires a) reconciliation of cash count to Parking Meter data, b) employees involved in the collection and counting process to print their name and dually sign the form, c) keep the parking meter data and bank deposit form and record these in Council's information system.**
- 5. Ensure the customer services employee performing the end of day reconciliation be required to print their name and sign the reconciliation form once completed, and a separate employee verify the count.**
- 6. Develop a firearms procedure that is approved by management and communicated to relevant employees, and dispose of the two firearms that are no longer required.**
- 7. Log the Infringement Notice and the Notice to comply stationery in a register to ensure all stationery can be accounted for, and keep the Infringement Notice and the Notice to Comply stationery under lock and key when not in use.**
- 8. Document in a procedure the process for reviewing the Infringement Notices.**
- 9. Review debtor management processes with an enhanced focus on lowering unpaid fines and animal registrations to below 10%.**
- 10. Establish Key Performance Indicators and report on these indicators regularly.**

**CARRIED**

## **3 INFORMATION REPORTS**

### **3.1 Chief Executive Officer update**

#### **Background**

The Audit Committee has asked the Chief Executive Officer (CEO) to provide an update of any items of interest at each meeting. At the meeting held 5 March 2019 the CEO agreed to provide further information on service reviews.

**Discussion**

The CEO presented a written report and answered questions on the following topics:

- Digital transformation
- Budget
- Service reviews
- Performance reporting
- Organisational structure

The CEO has agreed to provide a full report on the service reviews at the next audit committee meeting.

The CEO's update report was included in the agenda.

**3.2 External reporting - Financial Report for period ended 31 March 2019.**

**Background**

The Audit Charter requires the Audit Committee to review the financial report presented to Council.

**Discussion**

The financial report presented to Council at the meeting held 16 April 2019 was for the period ended 31 March 2019. This reports also includes a Capital Works Report. The report was included in the agenda.

**MOVED MR ROBERT TOMMASINI**

**SECONDED MR BRIAN KEANE**

**That the External Reporting – Financial Report for period ended 31 March 2019 be received.**

**CARRIED**

**3.3 External Audit – Interim Management Letter for the financial year ended 30 June 2019**

**Background**

Ms Cassandra Gravenall of Crowe Horwath has been appointed by the Victoria Auditor-General's office to undertake the annual financial audit for the year ending 30 June 2019.

**Discussion**

Crowe Horwath was on site to conduct the interim audit in early May, 2019. An interim management letter has been received with four new findings arising from the interim audit for 2018-19. One finding has been rated as high (recommended to have a detailed action plan implemented within one month) and three rated as low (requires management intervention with a detailed plan implemented within 6 to 12 months).

There were three unresolved findings from previous audits with one resolved and two remaining open – IT Controls and Payroll Masterfile changes review.

Ms Cassandra Gravenall from Crowe Horwath presented the Interim Management Letter by phone and responded to questions raised by the Committee.

The Interim Management letter was included in the agenda.

**3.4 Internal Audit - Audit Review Outcomes Update**

**Background**

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. Council has since adopted a number of recommendations made by the Internal Auditor in relation to internal audit reviews.

**Discussion**

Action plans have been developed as a result of various internal and external audits, including audits by the Victorian Auditor-General

A report detailing the remaining outstanding tasks was included in the agenda.

The Audit Review Outcomes Update report was discussed and noted.

### 3.5 Internal Audit – Internal Audit Program Status Update

#### **Background**

AFS & Associates are Council’s Internal Auditors.

#### **Discussion**

AFS & Associates recently provided the current status of Internal Audits

The Internal Audit Program Status Update report was included in the agenda.

**MOVED MR ROBERT TOMMASINI  
SECONDED CR. BILL BRAITHWAITE  
That the Internal Audit – Internal Audit Program Status Update Report be noted.  
CARRIED**

### 3.6 Internal Audit – Quarterly Industry Update

#### **Background**

AFS & Associates are Council’s Internal Auditors.

#### **Discussion**

AFS & Associates have provided their quarterly industry update for Councils. The update was included in the agenda and the report was discussed and noted.

### 3.7 Internal Audit – Past Issues Report

#### **Background**

AFS & Associates are Council’s Internal Auditors.

#### **Discussion**

AFS & Associates have provided their past issues report

The following table is a summary of the nine recommendations deemed complete since their previous review 20 January 2019 together with the level of risk assigned to each of the related issues

Appendix	Status	Major	Moderate	Minor	Not Rated	Total
1	Completed items	-	-	1	-	1
2	Risk accepted by management.	-	3	5	-	8
	Total	-	3	6	-	9

There is one recommendations that AFS believe have been satisfactorily addressed. There are a further eight recommendations where Management have accepted the risk of not implementing the recommendations made by AFS & Associates.

Whilst the eight items have been “closed off” Management acknowledged there is more work required in Risk Management, Business Continuity, Disaster Recovery Planning, Asset Management, Project Management and monitoring the progress of capital works.

The Past Issues Report was included in the agenda and noted

### 3.8 Other matters – Local Government Reports.

#### **Background**

The Victorian Auditor-General’s Office (VAGO) conduct audits on Local Government on various topics throughout the year. Local Government Victoria also release papers on Local Government Issues.

#### **Discussion**

VAGO has issued the following reports since the March 2019 meeting:

- Reporting on Local Government Performance
- Local Government Assets: Asset Management Compliance

Local Government Victoria has released the “Local Government Performance Reporting Framework – Strategic Directions Paper 2018-21”.

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Council officers will provide further information on these reports at the September 2019 Audit Committee meeting.

### **3.9 Other matters - Future Audit Committee Topics**

#### **Background**

The Audit Charter contains a sample audit committee agenda that includes some of the issues the Audit Committee can consider at quarterly meetings.

#### **Discussion**

The Audit Committee agree at each meeting the committee should consider what items should be included in the agenda for the next meeting.

Potential items for discussion at the next Audit Committee meeting could include:

#### **External reporting**

- Review financial report for quarter ended 30 June 2019
- Review financial statements and performance statement for the year ended 30 June 2019

#### **Internal audit**

- Internal audit reports received since the last meeting.

#### **Risk Management**

- Any relevant reports on Risk Management.

#### **General**

- Audit Committee annual report
- VAGO report on "Reporting on Local Government Performance" and "*Local Government Assets: Asset Management Compliance*".
- Local Government Victoria report titled "*Local Government Performance Reporting Framework – Strategic Directions Paper 2018-21*".
- Any other relevant reports issued by regulatory agencies such as IBAC, Ombudsman and VAGO
- The Committee shall establish an annual work plan that ensures proper coverage of matters laid out in the Audit Committee Charter.

### **4 FUTURE MEETINGS**

Future meetings of the Audit Committee are scheduled as follows:

**Tuesday 3 September 2019 at 1pm**

Tuesday 26 November 2019 at 1pm

Tuesday 3 March 2020 at 1pm

Tuesday 2 June 2020 at 1pm

**Meeting closed at 2.54pm**