



## MINUTES

### **Audit Committee Meeting No. 118** held on 28 February 2018 at 12.00 pm in Civic Centre

- Present:** A. Hall, External Member  
F. Mansoor, External Member  
Cr. Hardy, Councillor Member
- Chairperson:** R. Tommasini, External Member
- Attendance:** M. McCullagh, Internal Auditor  
K. Tori, Chief Executive Officer  
C. Denyer, Legal & Governance Manager  
D. Caligari, Manager Capital Projects  
S. Rumoro, Finance Manager  
C. Cramer, Manager Community Care  
M. Noor, Management Accounting Co-ordinator  
C. Santoro, Senior Administration Officer, Legal & Governance

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1. The Chief Executive Officer officially opened the meeting at 12.08 pm, welcoming the new External member, Farshan Mansoor and called for nominations for a new Chairperson for the 2018 calendar year.

#### **Motion**

A. Hall/Cr Hardy

That R. Tommasini be appointed as the Chairperson of the Audit Committee for 2018.

**Carried**

R. Tommasini resumed the meeting as Chairperson.

2. **Apologies**

L. Tripodi, Internal Auditor.

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

No pecuniary interest, other interest or conflict of interest were declared.

4. **Confirmation of minutes of previous meeting held on 6 December 2017**

#### **Motion**

A. Hall/Cr Hardy

That the minutes of the Audit Committee meeting dated 6 December 2017 be confirmed as a true and correct record.

**Carried**



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### 5. Report Back From Council on Consideration of Previous Meeting Minutes

Cr Hardy informed the Committee that two matters were raised with Councillors. The first matter raised related to the appointment of another Councillor representative on the Audit Committee. The Mayor, Cr Turner offered to fulfil this role, but must be officially appointed by Council, which should occur at the next Council meeting.

In relation to the second matter, on ensuring that it be made mandatory for all Councillors to obtain a Working with Children Check, Cr Hardy informed the Committee that a vote to formalise this requirement will also be addressed at the next Council meeting.

### 6. Business Arising From Previous Minutes

- **Cr Hardy to raise Audit Committee's concerns on non-compliance of Terms of Reference in relation to shortage of Councillor membership.**

This matter was addressed in the previous agenda item.

- **Report on IT Disaster Recovery Services and Current Contract with Telstra.**

A. Hall acknowledged that work has commenced with the transitioning of the IT disaster recovery of applications and consolidation with hardware onto the Telstra "cloud" contract, and the Committee requested a progress report be tabled for the next meeting.

*Action: IS Manager*

- **Separate actions and dates for Cyclical Testing and Testing of Plans for BCP's (actioned)**

This matter was deferred for consideration at Agenda Item number 14.

- **Review Completion dates on Development of BCP Policy and Framework (actioned)**

This matter was deferred for consideration at Agenda Item number 14.

- **Comparison of Recommendations for ICT Disaster Recovery Planning report from Internal Auditors and VAGO.**

As the first five of the seven findings within the VAGO audit report are applicable to Council, A. Hall suggested that the Committee are kept updated on the progress of these findings.

*Action: IS Manager*

### 7. Audit Committee Work Plan

R. Tommasini enquired on whether the external Audit Plan timetable has been received from our external Auditors, as scheduled in the audit plan to be tabled at the February Audit Committee meeting.

S. Rumoro informed the Committee that he attended a FinPro seminar last Friday, and it was mentioned from VAGO that audits would commence earlier this financial year, and Council's Auditors are conducting an interim audit commencing next week. In relation to the external audit planning timetable, this will be presented at the next Audit Committee meeting.

A. Hall suggested that a progress report on the interim audit also be tabled at the next meeting.

*Action: Finance Manager*



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- R. Tommasini enquired on whether any relevant Council policies are to be tabled at this meeting.
- K. Tori informed the Committee that there is nothing to report in relation relevant Council policies for this meeting.
- R. Tommasini enquired whether the Internal Auditors had matters to discuss in-camera and require to meet with Committee members in the absence of management.
- M. McCullagh informed the Committee that there are no matters to report.
- R. Tommasini enquired on whether any reports from VAGO or Ombudsman need to be tabled.
- K. Tori informed the Committee that there were no relevant reports from VAGO or Ombudsman.
- R. Tommasini enquired whether a Fraud report was to be tabled.
- K. Tori informed the Committee that there are no fraud instances to report on.

### 8. Internal Audit Program Progress Report

- M. McCullagh informed the Committee that the HACCC review has now been completed and the Project Management audit is in progress, with the Fraud and Corruption scope tabled for approval.
- M. McCullagh informed the Committee on emerging themes identified across Victorian Local Councils such as major restructure having an impact on operations, processes and controls, causing inconsistent practices across business units/departments.
- R. Tommasini suggested that this impact be conveyed to relevant staff members.
- K. Tori informed the Committee that it would be raised with the control group.

**Action: K. Tori**

M. McCullagh also informed the Committee on other emerging themes such as smart cities and also the introduction of notifiable breaches legislation. This is Federal privacy legislation and thus only applies to tax file numbers.

Noted

### 9. Draft Internal Audit Scope on 'Fraud and Corruption'

- A. Hall enquired whether the Fraud and Corruption review should be pushed back due to the current work being undertaken with IBAC.
- M. McCullagh informed the Committee that this audit will not include a review of the outcomes for the IBAC survey, but will examine relevant documentation and analysis of processes and procedures, staff training and awareness.

Noted

### 10. Internal Audit Review on 'Home and Community Care (HACC)'

- M. McCullagh presented the report and summarized its findings.
- A. Hall enquired on the variances between actual delivery hours and annual target hours as listed in the overview of the report.
- C. Cramerini informed the Committee that the Home and Community Care services underwent a restructure and was split into two services, clients under 65 years, funded by State Government and clients over 65 years, funded by Commonwealth Government. Due to the



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restructure, a realignment of delivery targets were undertaken and funding re-negotiated with reviewed targets. Services are reactionary and don't always align with funding.

**Recommendation 1:**

That the recommendations and management comments in the Home and Community Care (HACC) report be adopted by Council.

*C. Cramer departed 12.48 pm*

### 11. Quarterly Investment Holdings Report

S. Rumoro presented the report and informed the Committee that current investments are within approved limits and investment income is currently favourable against budget.

A. Hall enquired why the two top investments within the report show no details, and a grand total of all investments should be shown in the report.

S. Rumoro informed the Committee that the report will be updated with the abovementioned amendments in the next tabled report.

**Action: S. Rumoro**

Noted

### 12. 2<sup>nd</sup> Quarter Finance Report 31 December 2017

S. Rumoro present the report and provided a summary of the outcomes.

As stated within the report, S. Rumoro informed the Committee that no new instances of financial fraud or risk has been identified in the quarter ending 31 December 2017.

The following items were discussed:

- Employee costs
- Current Debtor expenditure
- Carry forward of capital projects and implementation of processes on future capital expenditure budgets
- Land sales at Atherstone.

**Recommendation 2:**

That Council note the 2<sup>nd</sup> Quarterly Finance Report 31 December 2017.

*D. Caligari/M. Noor departed 1.15 pm*

### 13. Ten Year Plan Assumptions

S. Rumoro presented the plan. He noted it was to illustrate the assumptions that the final draft plan would be based on.

Noted



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### 14. Internal Audit Recommendation Tracking Report

R. Tommasini noted that the date of audit reports has now been included, but previous management comments have been eliminated, which needs rectifying.

R. Tommasini to meet and liaise with C. Santoro in relation to the tabled report and future expectations.

**Action: R. Tommasini/C. Santoro**

Noted

### 15. Strategic Risks Summary Report

R. Tommasini sought clarification on this report and its utility and completeness.

K. Tori informed the Committee that the seven risks listed including descriptors are Council's high level strategic risks which are reported to Council on a six monthly basis.

Noted

### 16. 2<sup>nd</sup> Quarter Annual Action Plan Exception Report

K. Tori presented the report and informed the Committee that, with the exception of one action within the plan listed as postponed, all have been completed or are on track and expected to be completed by the current timelines.

A. Hall enquired whether the issue with collected recyclables is an issue for Council.

K. Tori informed the Committee that there has been no direct impact to date, but the current contractor will be negotiating with Council over the next 12 months.

Noted

### 17. Report on Published Statements/Reports (if any)

Nil statements/reports tabled.

### 18. General Business

Nil General Business raised.

*M. McCullagh/S. Rumoro departed 2.07 pm*

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

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



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### 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.*

### 21. Local Government Act Review – Exposure Draft

*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 18 April 2018 commencing at 12.00 pm in the Conference room.

### Close of Business

The meeting closed at 2.30 pm.