



## MINUTES

### **Audit Committee Meeting No. 119** held on 18 April 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:** S. Tillman, Internal Auditor  
M. Peters, External Auditor  
K. Tori, Chief Executive Officer  
C. Denyer, Legal & Governance Manager  
D. Caligari, Manager Capital Projects (arrived at 12.35 pm)  
S. Rumoro, Finance Manager  
C. Santoro, Senior Administration Officer, Legal & Governance  
A. Evans, Paralegal Officer

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The Chairperson officially opened the meeting at 12.06 pm.

#### **1. Apologies**

L. Tripodi, Internal Auditor  
M. McCullagh, Internal Auditor  
Cr Turner, Councillor Member.

#### **2. Declaration of interests and/or conflict of interests**

R. Tommasini declared his interest, which is noted was not a conflict of interest, as a Director on the board of the Western Business Accelerator and Centre of Excellence (Western BACE). He noted the Western BACE is mentioned in the VAGO report into Local Government and Economic Development at agenda item number 16.

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

#### **3. Confirmation of minutes of previous meeting held on 28 February 2018**

##### **Motion**

A. Hall/Cr Hardy

That the minutes of the Audit Committee meeting dated 28 February 2018 be confirmed as a true and correct record.

**Carried**

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

Cr Hardy informed the Committee that the two matters which were raised with Councillors have been addressed and resolved. The Mayor, Cr Turner, was officially appointed by Council at the 26 March 2018 Council meeting as an Audit Committee member.

All Councillors either have, or have agreed to obtain a Working with Children Check.



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### 5. Business Arising From Previous Minutes

- **Cr Turner appointed as a Councillor representative on the Audit Committee at the 26 March 2018 Council meeting.**  
This matter was addressed in the previous agenda item.
- **Motion carried at the 26 March 2018 Council meeting that all Councillors obtain a Working with Children Check.**  
This matter was addressed in the previous agenda item.
- **Update Report on IT Disaster Recovery Services and Current Contract with Telstra.**  
A. Hall enquired whether backup of Council's systems are stored onshore or offshore.  
  
C. Denyer informed the Committee that data stored through Telstra are all onshore and in line with the *Privacy and Data Protection Act 2014*.  
  
The Committee noted the update report.
- **Comparison of Recommendations for ICT Disaster Recovery Planning report from Internal Auditors and VAGO.**  
The Committee noted the update report.
- **External Audit Progress Report on Interim Audit conducted March 2018 (to be discussed under Agenda Item 8).**
- **Extension to Internal Audit contract**  
R. Tommasini enquired regarding the extension of the Internal Audit contract that was discussed at the last Audit Committee meeting.  
  
K. Tori informed the Committee that the Audit Committee's recommendation to extend the contract for a further two years was adopted by Council at the 26 March 2018 meeting.

### 6. Audit Committee Work Plan

- R. Tommasini enquired regarding the following items listed within the Audit Committee Annual Work Plan:
- Changes to Accounting Policies/Procedures
  - Relevant Council Policies
  - Meet with the Auditors in the absence of Management
  - Council Action Plan Quarterly Exception Report.
- S. Rumoro informed the Committee there was nothing to report on in relation to changes to Accounting Policies/Procedures at this stage.
- K. Tori informed the Committee nothing to report on in relation to relevant Council Policies.
- S. Tillman informed the Committee that there was nothing to report on in the absence of management.
- C. Santoro informed the Committee that the Council Action Plan Quarterly Exception Report will be tabled at the next meeting.

### 7. Audit Strategy for 2018/2018

- M. Peters presented the VAGO external audit strategy which sets out the key areas of audit focus which are:
- Revaluation of property, plant and equipment;
  - Streamlining the finance report and
  - Developer contributions.



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Noted

### 8. External Audit Progress report on Interim Audit conducted March 2018

M. Peters presented this informal report.

M. Peters informed the Committee that the interim audit was conducted in March 2018 did not reveal any major issues.

In relation to prior year findings, S. Rumoro informed the Committee that reports are being developed to identify staff who regularly raise purchase orders after invoice date and these reports will be circulated to relevant Managers and also Executive for action.

Noted

### 9. Internal Audit Program Progress Report

S. Tillman presented the report.

S. Tillman informed the Committee that all reports are in line with the current Strategic Internal Audit Plan.

Noted

### 10. Review on Internal Audit Plan for 2018-2020

K. Tori presented the Plan.

K. Tori informed the Committee that the strategic internal audit plan for the next three years was developed after discussion with auditors, Megan McCullagh and Lisa Tripodi, taking into account Council's current top strategic and corporate risks.

#### **Recommendation 1:**

That Council endorse the proposed internal audit plan for 2018-2020.

*D. Caligari arrived 12.35 pm*

### 11. Internal Audit Review on 'Project Management'

S. Tillman presented the report.

S. Tillman informed the Committee that there is comprehensive documented guidance outlining requirements for project management in the Project Management Framework provided on Council's intranet, but the following findings were identified:

- Insufficient tracking and monitoring of Project Management Framework training attended by project managers;
- No defined requirements to use online project management software;
- Insufficient guidance surrounding the application of small projects requirements of the Project Management Framework for recurring activities and
- Inconsistency between the Requirements checklist in the Project Management Framework and on Council's intranet.

Further discussion took place on project management methodology and the various project group levels.

#### **Recommendation 2:**

That the recommendations and management comments in the Project Management report be adopted by Council.



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*M. Peters/S. Tillman/D. Caligari departed 12.50 pm*

### 12. Quarterly Investment Holding Report as at 31 March 2018

The Committee noted the updated reporting format on this report and discussed possible reputational risks in relation to current investments with AMP given the evidence being given at the Banking Royal Commission.

No action was deemed necessary.

Noted

### 13. Finance Report 31 March 2018

S. Rumoro informed the Committee that the quarterly Finance report should be circulated to members by the end of the week (by email). The reason for the delay was due to Easter and the April Audit Committee being brought forward a week due to public holiday next week.

Noted

### 14. Internal Audit Recommendation Tracking Report

R. Tommasini noted the accomplishment of completed recommendations and thanked Management for their efforts. He raised concerns and/or noted apparent typographical errors with the following items in the report: Items numbered 2551, 2548, 2541, 2540, 2527, 2523, 2504, and 2452

Noted

### 15. National Asset Management Assessment Framework Report Card (NAMAFA) Update

K. Tori presented the Report Card.

K. Tori updated the Committee on the status in relation to the National Framework Core Competency report card, with minor actions required to achieve full core competency, but Management are satisfied with overall compliance of this program.

Noted

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

#### – VAGO Report on Fraud and Corruption Control, published March 2018

K Tori presented the report.

K. Tori informed the Committee that this report has been referred to relevant staff officers to address any recommendations that may have an impact on Council.

#### – VAGO Report on Local Government and Economic Development, published March 2018

K Tori presented the report.

As Melton City Council was one of the selected Councils to be audited for this report, K. Tori informed the Committee that overall there was nothing major to report, improvements identified were reviewing alignment between economic development strategies, development of comprehensive performance measures and monitoring and reporting on outcomes.

Having earlier declared his personal interest in relation to Western BACE, R. Tommasini commented on Western BACE's favourable mention in the report.



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– **IBAC Report on Perceptions of Corruption Survey of the Victorian Community. Published April 2018**

K Tori presented the report.

K. Tori informed the Committee that this report portrays community perception on corruption and the lack of confidence in relation to reporting corruption.

C. Denyer noted that there was only protection for those matters that are deemed protected disclosures, and that the legislation was such that the bar was high.

**17. General Business**

Nil General Business raised.

*S. Rumoro departed 1.36 pm*

**18. 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 may relate to contractual, legal or personnel matters.*

**19. Staff Excess Annual Leave as at 31 March 2018**

*Note – Matters discussed under this Agenda item are dealt with “in-camera” as they relate to staff matters.*

**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.*

**Next Meeting**

The next meeting is to be held on 27 June 2018 commencing at 12.00 pm in the Conference room.

**Close of Business**

The meeting closed at 1.51 pm.