

**Minutes of the 91<sup>st</sup>  
Audit Committee  
Meeting Held on 12 June 2013 3.00 pm  
Conference Room**

**Present:**

Alan Hall	External Member (Chairperson)
Mark Holloway	External Member
Adam Roberts	External Member
Cr Majdlik	Councillor Member
Cr Ramsey	Councillor Member

**Attendance:**

K. Tori	Chief Executive Officer
P. Bean	General Manager Corporate Services
G. Leon	Internal Auditor (arrived 3.10 pm)
S. Bryce	Internal Auditor (arrived 3.10 pm)
Shan	Finance Manager
D. Caligari	Manager Capital Projects
M. Noor	Management Accounting Co-ordinator
A. Hinds	Risk Management Co-ordinator
C. Santoro	Senior Administration Officer

The Chairperson officially opened the meeting at 3.07 pm.

**1. Apologies**

M. Thompson                      Internal Auditor

**2. Declaration of any Pecuniary Interest, Other Interest or Conflict of Interest of any Committee Member**

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

**3. Confirmation of Minutes for Meeting held on 10 April 2013**

Moved: A. Roberts    Seconded: M. Holloway

That the minutes of the Audit Committee meeting dated 10 April 2013 be confirmed as a true and correct record.

Carried

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

Councillor Ramsey informed the Committee that Council considered, and unanimously adopted, the recommendations of the previous minutes of the Committee.

*Noted*

*Internal Auditors G. Leon & S. Bryce  
arrived 3.10 pm*

#### **5. Business Arising From Previous Minutes**

##### **- Update Report from Council's Project Management Board**

David Caligari informed the Committee on the following challenges faced by the Project Management Board:

- Principles and concepts of governance
- Accountability and program/project management practices
- Roles, responsibilities and linkages
- Definition of a project and size

Approval from Executive has been sought for a new position 'Enterprise Project Management Co-ordinator', who will manage the overall governance processes.

Mark Holloway informed the Committee on the challenges faced by Council determining the definition of small and large projects and establishing a governance process to address reporting, accountabilities, risk analysis, business cases, training, financial planning and impact analysis.

Alan Hall enquired whether a progress report on the status of project management can be tabled to the Committee.

David Caligari informed the Committee that the risk register will update the progress of the project management actions.

As there were no further questions, the Committee noted the report received from the Project Management Board.

*Noted*

*Action: Project Management Board*

##### **- Report on Council's Current Practices Addressing Compliance Associated with 'Best Practice Procurement Guidelines 2013'**

Adam Roberts enquired on why Council may accept or reject any late tenders.

The Chief Executive Officer informed the Committee that Council may accept late tenders due to electronic systems problems, or under exceptional circumstances such as a courier involved in an accident while delivering tender documents.

Alan Hall enquired whether weightings for the evaluation criteria will be provided in all future tenders.

David Caligari informed the Committee that not all tenders will have a weighting criteria, but those that do will be determined prior to closing.

Peter Bean informed the Committee that approval from Council is sought for weighting criteria on significant tenders.

Mark Holloway enquired on Council's policy for Public Tendering Thresholds.

The Chief Executive Officer informed the Committee that if internal assessments of cost are underestimated, Council is still compliant with the Act, eliminating the process of re-tendering.

As there were no further questions raised, the Committee noted the report.

*Noted*

**- Report on Council's Position in relation to VAGO's 'Rating Practices in Local Government' report**

The Chief Executive Officer informed the Committee that Council is currently drafting a Terms of Reference in relation to the formation of a community based 'Rating Strategy Reference Group'.

Mark Holloway enquired how Council will assess/measure the effectiveness of ratepayer engagement and communication activities.

The Chief Executive Officer informed the Committee that this will be achieved through a household survey and the State Government community survey.

As there were no questions raised, the Committee noted the report

*Noted*

*Cr Majdlik arrived 3.29 pm*

**6. Risk Management**

**- Risk Management Six Monthly Report**

The following items were discussed by the Committee in relation to the Risk Management six monthly report:

- audit review for Disaster Recovery Planning, scheduled for 2014/15 be moved forward
- draft Enterprise Content Management Strategy
- Toolern Joint venture project
- Staff Code of Conduct training
- reporting of information to Councillors

As there were no further questions or discussion on this report, the Committee noted and supported the Risk Management Six Monthly report.

*Noted*

- **Past Due Risks in Risk Register Summary**
- **Update on Previous Internal Audit Reports Recommendations**

Adam Roberts enquired on risk number 2245, as this risk was not listed on the risk register report.

Cheryl Santoro informed the Committee that this risk has been completed but was mistakenly left off the risk report.

Adam Roberts enquired on risks 2204 and 2205 and the completed percentage variance between the two risks.

The Chief Executive Officer informed the Committee that risk 2204 refers to importing mechanisms around system processes, as risk 2205 refers to the reconciliation of assets.

Cheryl Santoro informed the Committee that risk 2205 comment has been updated, but risk 2204 has received no update since last meeting.

Alan Hall expressed the Committee's concerns on the failure of some staff members to update comments into the risk register.

Adam Roberts enquired on the progress of risk number 1890 and the completion date of December 2013.

Mahroof Noor informed the Committee that the joint project agreement with Whittlesea Council has differed slightly, and the next stakeholder group meeting has been postponed until scoping has been finalised.

Mark Holloway enquired on risk number 1350, noting the date documents are to be finalised, but enquired on Council's options in relation to the use of other documents.

David Caligari informed the Committee that Council's Legal Officer is in the process of reviewing the standard tender document options but due to her absence, no decision to date has been made.

David Caligari enquired whether risk numbers 1815, 1816 and 1874 could be rolled together, as these risks all relate to the Project Management Steering Group.

Alan Hall suggested these risks may be combined and re-written into one, ensuring that reasonable timeframes for delivery of risk is met.

As there were no further questions, the Committee noted the reports.

*Noted*

**7. March 2013 Quarterly Finance Report**

*Note – The Quarterly Finance Report incorporates analysis and comments and is considered by the Audit Committee “in Camera”.*

**8. Third Quarter Council Action Plan Performance Report**

The Chief Executive Officer informed the Committee that 1 action has been postponed while 18 are currently behind schedule. The report includes comments on the reasons for postponement or deferment.

Mark Holloway enquired on Council’s exposure in relation to the swimming pool barrier maintenance program.

The Chief Executive Officer informed the Committee that audits on some swimming pool barriers have taken place and Council are working on illegal pools identified through GIS. This action plan is behind schedule due to resource problems,

As there were no further questions raised, the Committee noted the report

*Noted*

**9. Verbal Confirmation By the Internal Auditor That Their work Has Not Been Obstructed in Any Way**

The Internal Auditor advised the Committee that there were no obstructions to report.

*Noted*

**10. Internal Audit Progress Report July 2012 – June 2013**

The Internal Auditor informed the Committee that the reviews for the 2012/2013 strategic audit plan were on track and have now been completed.

*Noted*

**11. Internal Audit Strategic Audit Plan 2013/2015**

The Internal Auditor informed the Committee that the draft Strategic Audit Plan has been redrafted after discussions with the Risk Management Co-ordinator and Executive.

Adam Roberts enquired why the HACC Services review was deleted off the audit plan and Purchasing Cards were included.

The Chief Executive Officer informed the Committee that HACC Services is audited heavily to ensure retention of their accreditation and Council have issued approximately 100 purchasing cards to staff members to utilise for small transactions, alleviating petty cash reimbursements.

Adam Robert requested whether the Committee could view the completed report on the HACC Services audit.

The Chief Executive Officer informed the Committee he would follow up on this request.

Mark Holloway suggested the scope for this review be revisited, reducing the number of proposed audit hours.

Adam Roberts suggested the Internal Auditor review the audit plan, tabling the revised draft plan for approval at the next meeting.

**Recommendation 2:**

**That the Internal Auditor review and table a revised draft Strategic Audit Plan 2013/2015 for approval to the next audit committee meeting.**

**12. Internal Audit Review Scope for ‘Cash Receipting & Handling Review’**

The Internal Auditor informed the Committee that the objectives for the draft scope is to ensure adequacy of internal controls over cash handling systems and that Council is not unnecessarily exposed in terms of risk. The audit will cover 5 cash handling sites, including remote sites.

The Audit Committee suggested the Internal Auditor review a cross section of 3 different activity cash handling sites, reducing the number of audit hours for this review.

*Agreed*

*Action: Internal Auditor*

**13. Internal Audit Review – ‘Information Technology Strategy’**

The Internal Auditor informed the Committee that there are approximately 27 proposed project ideas which are currently awaiting authorisation and funding. Current controls need strengthening to ensure that investments made in IT are

aligned to the needs of the business. Council has recently completed a business case for consideration of outsourcing its in-house infrastructure to a cloud provider.

Adam Roberts enquired whether 30 September 2013 completion date for majority of the recommendations is achievable.

The Internal Auditor informed the Committee that the existing IT project delivery program can be formalised into an IT Operational Plan.

Mark Holloway suggested that the IT Steering Committee, currently performed by Executive, incorporate an independent external party with expertise, possibly from another Council, which will assist the Committee with fresh ideas and experience from a similar organisation.

**Recommendation 3:**

**That the recommendations and management comments in the Information Technology Strategy report be adopted by Council.**

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**14. Report on Published Statements/Reports**

- **Circular from Dept of Planning & Community Development ‘Local Government Act 1989 – Amendments To Come Into Effect On 1 July 2013’**

The Committee noted the amendments to the Local Government Act 1989 circulated from Dept of Planning & Community Development.

Noted

- **Age Newspaper Article 17/05/2013 – ‘Council Fires Staff Members Amid Scam Allegations’**

The Committee noted the newspaper article on ‘Council fires staff members amid scam allegations’.

Noted

**15. Other Matters as Determined by the Chief Executive Officer/Committee Chairperson**

*Note – Matters discussed under this Agenda item were dealt with “in-Camera” as it relates to contractual, legal and personnel matters.*

**16. General Business**

As there was no general business raised, the Chairperson closed the meeting at 5.31 pm.