

**Minutes of the 95<sup>th</sup>  
Audit Committee  
Meeting Held on 12 February 2014 3.00 pm  
Conference Room**

**Present:**

Alan Hall	External Member (Chairperson)
Adam Roberts	External Member
Cr. Turner	Councillor Member
Cr Majdlik	Councillor Member (Arrived 3.30 pm)

**Attendance:**

K. Tori	Chief Executive Officer
M. Thompson	Internal Auditor
P. Bean	General Manager Corporate Srvs (Arrived 3.19 pm)
Shan	Finance Manager
D. Caligari	Manager Capital Projects
A. Boyle	Manager Community Planning (Arrived 3.52 pm)
D. Banneyake	Acting Management Accounting Co-ordinator
C. Santoro	Senior Administration Officer

The Chairperson officially opened the meeting at 3.07 pm.

**1. Apologies**

Mark Holloway	External Member
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**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 4 December 2013**

Moved: A Roberts	Seconded: Cr Turner
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That the minutes of the Audit Committee meeting dated 4 December 2013, be confirmed as a true and correct record.

Carried

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

The Chief Executive Officer advised the Committee that Council considered and unanimously adopted the recommendations of the previous minutes of the Committee.

Noted

**5. Business arising from Previous Minutes**

**- Audit Committee Annual Work Plan**

Martin Thompson circulated the Audit Committee Feedback Questionnaire.

Alan Hall requested the Committee members provide feedback, in relation to the questionnaire, back to Martin prior to the questionnaire being distributed for members to complete.

Martin Thompson requested any feedback be provided within one week from today, otherwise he will load onto 'Monkey Survey' as is for Committee members to complete.

Agreed

*Action: Audit Committee members*

Alan Hall proposed the Committee's Work Plan be a standing agenda item and enquired whether the presentation of the draft budget be moved from the August meeting to the April meeting.

The Chief Executive Officer informed the Committee that the draft budget will not be complete until May, but will table a report on the status of the draft budget for the April Committee meeting.

Agreed

*Action: Chief Executive Officer*

**- External Auditors Planning Process/Timetable – 2013/2014 Financial Year**

Senior Administration Officer informed the Committee that the External Auditors planning process/timetable for the 2013/2014 Financial Year will be collated and distributed at the April Committee meeting.

Noted

**- Overdue Risk Register Action Plan**

Adam Roberts expressed his concern on the risks relating to the Recycling Facility, as the date for completion of these risks are only two weeks away.

The Senior Administration Officer informed the Committee that draft documentation has been completed and will be implemented once discussion with the contractor has taken place.

Both Alan Hall and Adam Roberts had no issues with the Risk Register Action Plan and with the exception of one risk, which David Caligari had previously addressed the Committee on this risk, all risks should be completed this year.

As there were no further questions raised, the Committee noted the Overdue Risk Register Action Plan.

Noted

*General Manager Corporate Services  
arrived 3.19 pm*

**6. Risk Management**

**- Past Due Risks in Risk Register Summary**

**- Update on Previous Internal Audit Reports Recommendations**

In relation to the Standard Tender Documents risk, Alan Hall enquired on Maddocks documents and the reasons for obtaining quotations from alternative legal providers.

Manager Capital Projects informed the Committee that the current tender documents provided by Maddocks create contractual problems when disputes arise, for example the construction of Westwood Drive Road & Bridge. Council's Legal Officer has obtained quotes from other legal providers, in relation to developing tender documents written for Council and also tender documents currently available that other Councils are currently utilising.

Alan Hall requested an update on Council's decision in relation to the tender documents matter. Otherwise the Committee expressed their satisfaction on the progress made in the risk register.

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

Noted

*Action: Manager Capital Projects*

*Cr Majdlik arrived 3.30 pm*

**7. 2<sup>nd</sup> Quarter Finance Report for December 2013**

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

*Manager Capital Projects and*

*Acting Management Accounting*

*Co-ordinator departed 3.52 pm*

*Manager Community Planning arrived  
3.52 pm*

The Chief Executive Officer introduced Adam Boyle, Manager for Community Planning, to the Committee members and advised that Adam Boyle was attending this meeting in relation to the agenda item on Management Reporting review.

**15. Internal Audit Review on 'Management Reporting'**

*The Chairperson brought forward this agenda item due to the arrival of staff member Adam Boyle, Manager Community Planning.*

The Internal Auditor advised the Committee that Council have in place reporting systems that allow Council to meet its various external reporting requirements. Overall, the audit found that the current controls in place need strengthening. Some of the shortfalls identified are common across Councils and were identified in the VAGO audits on Performance Reporting by Local Government undertaken in 2008 and 2012. Seven recommendations were identified, 2 of which were high risks. Council needs ensure the automation of generating data is available and warrant that the information reported is valid, needed and easy to peruse.

Alan Hall enquired whether Council Performance reporting is linked in with Officers performance plans.

Adam Boyle informed the Committee that the timing of this audit report aligns with a project in progress to implement a new Corporate Integrated Business Planning system and in addition, a Corporate Performance Management Strategy will be prepared that will identify the internal planning and reporting needs. Business Planning Activities will be addressed in Officers Performance Plans. Further, it was advised that Council has participated in the phase 2 program of the Local Government Performance Reporting Framework (LGPRF), which will become formally effective for the period July 1 2014 to 30 June 2015. Implementation of the LGPRF with finalisation of the Integration Business Planning system will strengthen current controls and address identified recommendations in the audit.

Alan Hall enquired if the audit included Councillors and their view on the reports they currently receive.

The Internal Auditor informed the Committee that interviews were conducted with Executive members and some Managers.

In relation to recommendation number 7, 'Audit Items Pushed Back', Alan Hall reiterated the Auditors findings and suggested Management assess timeframes for completion of risks. The target date of 30/06/2014 for the majority of recommendations in the User Fees & Charges audit is tight, and Management should consider a more realistic date such as 30/09/2014.

**Recommendation 1:**

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

**8. Investment Holding Report as at 31 December 2013**

As there were no questions raised, the Committee noted the Investment Holding report as at 31 December 2013.

Noted

**9. Investment of Council Funds Policy**

The Finance Manager tabled on updated policy for Investment of Council Funds. Table under 4.2.1 has been amended for A1+ rating from 30% to 40% and A1 rating from 20% to 25%.

In relation to 4.3 Variation to Policy, Adam Roberts enquired what the definition of minor variation is.

The Finance Manager informed the Committee that the definition of a minor variation is hard to define, but a minor variation should be utilised if it benefits the Council and authorisation is obtained at a higher level. The Committee will continue to receive quarterly investment reports and any major variations to this policy will also be submitted to the Committee.

As there were no further questions raised the Committee noted the Investment of Council Funds policy.

Noted

**10. Debt Collection Policy**

The Finance Manager tabled on updated policy for Debt Collection.

Adam Roberts enquired whether courtesy letters are also forwarded prior to final notices posted.

The Finance Manager informed the Committee that courtesy letters are only forwarded after final notices have been issued and received and not before.

As there were no further questions raised the Committee noted the Debt Collection policy.

Noted

**11. Second Quarter Council Action Plan Performance Report**

Alan Hall enquired on the actions that have been pushed out beyond 30 June 2014.

The Chief Executive Officer informed the Committee that only a small percentage are behind schedule and these actions will be addressed as per the progress report, but not all will be captured in the new Council Action Plan.

As there were no further questions raised, the Committee noted the Council Action Plan Performance report.

Noted

**12. 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

**13. Internal Audit Progress Report**

The Internal Auditor informed the Committee that internal reviews are on track and in line with Council's internal audit program. The Internal Auditors will meet with Management to review next year's audit plan and will report on the outcome at the next Committee meeting.

Noted

**14. Internal Audit Review on 'User Fees & Charges'**

The Internal Auditor informed the Committee that Council's revenue from user fees and charges is a small proportion of its revenue, of around \$6 million. Nine recommendations were identified, none of which were rated high. Page 19 of the report benchmarks fees and charges with five other councils and Council should consider undertaking an NCP compliance assessment of its activities to ensure there are no NCP breaches, especially since the City of Greater Geelong was found in breach in relation to its Sales Yards.

The Chief Executive Officer informed the Committee that he is confident this Council complies with the requirements of NCP and Councillors peruse all fees and charges from all services across Council.

**Recommendation 2:**

**That the recommendations and management comments in the User Fees & Charges report be adopted by Council.**

**16. Report on Published Statement/Reports (if any)**

- Newspaper Article the Age ‘Stonnington Council Worker Accused of Stealing Up to \$1 Million’

Alan Hall enquired whether an outcome of this criminal offence had finalised.

The Internal Auditor advised the Committee that no information has been received as to the outcome of this case.

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

Noted

**17. 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.*

**18. General Business**

As there was no General Business raised, the Chairperson declared the meeting closed at 4.45 pm.