

Meeting	Report of Audit Committee					
Date	Monday 11 September 2017	Time	1.15pm (Committee meeting at 1.00pm with internal & external auditor)	Duration:	2.5 hour meeting	Location: Auditorium, Coal Creek, 12 Silkstone Road, Korumburra
Attendees	<p>Dr Irene Irvine (Chair) Dr John (AJ) Purcell Mr Homi Burjorjee Cr Ray Argento (Mayor) Cr Lorraine Brunt</p> <p>Support Staff: Faith Page: Director Corporate & Community Services, Stuart Smith: Acting Manager Finance, Risk and Procurement, Luke Anthony: Coordinator Risk and Procurement, Eve Hollole: Risk Coordinator and Lyndal Peterson. Internal Audit: Richmond, Sinnott and Delahunty (RSD): Kathie Teasdale, Audit Partner (attended via teleconference). External Audit: Sanchu Chummar, Senior Manager Financial Audit and Tim Loughnan Engagement Leader, Victorian Auditor Generals Office.</p>					
Apologies	Tim Tamlin: CEO					
In Committee Section	Committee met with internal auditor (RSD) and external auditor (VAGO). No matters of serious concern were raised and one matter was referred to the CEO.					
Disclosures of Interest	<p>Dr Irvine as a member of South Gippsland Water, Walkerville Foreshore Committee and Walkerville Residents Association. Dr Purcell as member of Baw Baw Shire, Bayside City and Banyule City Audit Committees. Homi Burjorjee as member of City of Casey, City of Whittlesea, Cardinia Shire Council, Ararat Rural City Council, Bass Coast Shire Council and Office of Public Prosecutions Audit Committees.</p>					
Confirmation of report of previous meeting	Committee approved report of the Audit Committee meeting held on 5 June 2017.					
Advise of possible breaches of legislation/compliance	Refer to item 3.5.					

Agenda Item	Responsible	Comment / Action
1. Financial and Performance Reports		
1.1 Financial Performance Report	Manager Finance	Committee discussed the Financial Performance Report – Aug 17. Action: <ul style="list-style-type: none"> • Correct amortisation of WorkCover expenditure to July 17. • Committee requested a report on Capital Works Plans and Projected Expenditure including a profile of historic / projected spend for the period covered by the former and current Councils and an update on 2 – 3 significant current projects by Director Sustainable Communities and Infrastructure at the Dec 17 Committee meeting.
1.2 Performance report (non-financial)	Director Corporate and Community Services	Committee noted Jul 16 – Jun 17 report was included in the Draft Annual Report (Item 5.2).
1.3 Local Government Performance Reporting Framework	Director Corporate and Corporate Services	Committee noted Jul 16 – Jun 17 report was included in the Draft Annual Report (Item 5.2).
2. Internal Control System		
2.1 Internal Control System	Coordinator Risk	Committee noted Internal Control System report delayed till 4 Dec 17.
2.2 Policy Reviews	Coordinator Risk and Procurement	Committee noted Council's Policy Review Schedule and implementation assessment for Top 10 Policies (ranked by risk) is delayed till 4 Dec 17. Committee noted updated Section 6.5 of the Procurement Manual to provide financial delegations for Property Leases to meet the VAGO recommendation and requested refinements to be discussed with the Mayor and for a revised update to be provided to 4 Dec 17 meeting.
3. Risk Management		
3.1 Strategic Risk Committee (SRC) Minutes	Coordinator Risk	Committee noted SRC minutes from 1 August 2017 and noted that no new or emerging strategic risks had been identified.
3.2 Quarterly report from a Director / CEO Direct Report	Director Corporate and Community Services	Committee received a report from Faith Page on risks including HACC Transition and Valuer General legislative change/resourcing impacts. Action: make updates to HACC and Rates risk assessments.
3.3 Insurance Coverage	Coordinator Risk and Procurement	Committee discussed report on the 17/18 Insurance renewal / planned actions and advises Council of their support of these arrangements.
3.4 Business Continuity:	Coordinator Risk	Committee noted report on Business Continuity arrangements.
3.5 Fraud and or possible illegal acts	Chief Executive Officer	Committee received verbal report and commended staff on management of the reported items.
4. Internal Audit		
4.1 Planned Internal Audits	Coordinator Risk	Committee discussed and approved the following:

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		<ul style="list-style-type: none"> Councillor Expenditure and Code of Conduct Compliance Audit Report and congratulated RSD on the quality of the report. Statutory Planning, Building Enforcement & Local Laws Audit Scope.
4.2 Internal Audit Function Review: review the internal audit function (internal auditor services/performance).	Coordinator Risk	Committee noted Internal Function Review Report delayed till 4 Dec 17 Meeting.
4.3 Internal Audit Function Independence	Coordinator Risk	Committee noted letter of independence from RSD Audit.
5. External Audit		
5.1 VAGO Financial Management Letter	VAGO	Committee received verbal report from VAGO on Draft Closing Report and Management Representation Letter advising they were in a position to issue a clean audit subject to minor amendments. The Committee congratulated staff on the audit outcome but noted that some matters while not substantive will require additional attention.
5.2 Annual Report review	Director Corporate and Community Services	Committee discussed draft Annual Report 2017/18, provided feedback, commended the report to Council (subject to edits) and congratulated staff on the draft report.
6. Compliance and ethics		
6.1 Compliance and Ethics Program	Coordinator Risk	Committee noted Compliance and Ethics Program delayed till 4 Dec 17.
6.2 Protected Disclosure	Coordinator Risk	Committee noted there were no Protected Disclosures during 16/17.
6.3 Regulatory Updates: keep informed of findings of examinations by regulatory agencies. <ul style="list-style-type: none"> Commission of Inquiry into Ararat City Council: 1 August 2017 (Minister for Local Government): click here. Protecting Integrity: Central Goldfields Shire Council Investigation: August 2017 (Local Government Inspectorate): click here. 	Coordinator Risk and Procurement	Committee noted and discussed the reports made by the relevant regulatory agencies. Action: the Committee requested a summary of the issues raised in each report outlining SGSC's compliance to be presented at the 4 Dec 17 Meeting.
7. Reporting responsibilities		
7.1 Audit Committee reports regularly to Council	Coordinator Risk	Committee noted 5 Jun 17 Minutes reported to Council on 26 Jul 17.
7.2 Audit Communications	Chair	Committee noted that open communications between the internal auditor, external auditor and Council was occurring.
7.3 Audit Chair Annual Report to Council	Chair	Committee approved Chair's Annual Report to Council on 20 Sept 17.
8. General		
8.1 Establish meeting dates for forthcoming year	Risk and Procurement	The Committee discussed options (below) for 2018 meeting dates. It was agreed that if possible Option 1 is preferred and for it to be determined if SGSC would conduct a Feb 18 meeting and distribute an updated recommendation to the Committee following further discussions with BBSC.

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		<p>Option 1: current model, if BBSC continue with 5 meetings per year. Monday 5 February 2018 (BBSC only). Tuesday 3 April 2018 (Monday 2 April 2018 is a public holiday) Monday 4 June 2018 Monday 10 September 2018 Monday 3 December 2018 or Monday 19 November 2018 (to avoid end of year period)</p> <p>Option 2: if both councils have 4 meetings per annum. Tuesday 13 March 2018 (Mon 12 March is a public holiday). Tuesday 12 June 2018 (Mon 11 June 2018 is a public holiday) Monday 10 September 2018 Monday 10 December 2018 or Monday 19 November 2018 (to avoid end of year period)</p>
9. General Business		
<p>9.1: Committee and Independent Auditor Performance Review: surveys will be distributed to capture feedback for a report scheduled for 4 Dec 17 meeting.</p> <p>9.2: Press Release Distribution: Mr. Burjorjee requested that SGSC press releases be forwarded to Audit Committee on a periodic basis.</p> <p>Action: officers to investigate the best method of providing regular notification of recent press releases.</p> <p>9.3: Audit Committee Administrative Support: the Committee was advised Eve Hollole, Risk Coordinator, is assuming administrative coordination of the Committee.</p> <p>9.4: Councillor Audit Committee Members: the Committee acknowledged that Councillor appointments to the Audit Committee for 2018 would be determined at the 15 Nov 17 Special (Statutory) Meeting. The Committee thanked Cr Argento and Cr Brunt for their contributions to the Committee during 2017.</p> <p>9.5: Litigation and Land Sales Reports: the Committee requested a report at the next Audit Committee Meeting on:</p> <ul style="list-style-type: none"> Litigation: Council's process for conducting and settling litigation / legal disputes. Land Sales: Council's procedure for disposing of surplus land. <p>9.6: Gender Equity Focus Group: 3:00 – 3:30: with facilitator Lyndal Peterson.</p> <p>9.7: Independent Member Purcell Initial Term Conclusion: it was noted Dr John (AJ) Purcell's initial three year term concludes on 24 February 2018. Dr Purcell indicated he was willing to accept a further, final three year term if appointed by Council. The Committee resolved to recommend to Council at the 22 November 2018 Council Meeting appointing Dr Purcell for a further three year term commencing on 25 February 2018 and concluding on 24 February 2021.</p>		
10. Close / Next meetings: Monday 4 December 2017.		