

# Minutes

## Of the Audit Advisory Committee Meeting

**Location:** Ovens Room, Municipal Offices  
62-68 Ovens Street, Wangaratta

**Date:** 12 September 2019

**Time:** 3.00pm



## TABLE OF CONTENTS

		<b>Page No.</b>
1.	<b>ACKNOWLEDGEMENT OF TRADITIONAL OWNERS</b> .....	4
2.	<b>PRESENT/ABSENT/APOLOGIES</b> .....	4
3.	<b>CONFIRMATION OF MINUTES</b> .....	4
4.	<b>CONFLICT OF INTEREST DISCLOSURE</b> .....	4
5.	<b>BUSINESS ARISING</b> .....	6
5.1	COMMITTEE ACTIONS ITEM STATUS .....	6
5.2	STRATEGIC AUDIT PLAN 2018/19 - 2020/21 .....	7
5.3	AUDIT ADVISORY COMMITTEE AGENDA PLAN.....	8
6.	<b>REPORTS</b> .....	9
6.1	AGED DEBTORS .....	9
6.2	RISK MANAGEMENT.....	9
6.3	INTERNAL AUDIT REPORT - GRANTS FUNDING REVIEW.....	10
6.4	AUDIT ACTIONS - STATUS REPORT .....	10
6.5	AUDIT ADVISORY COMMITTEE CHARTER REVIEW .....	11
6.6	AUDIT ADVISORY COMMITTEE APPOINTMENT .....	11
6.7	AMENDED COUNCIL POLICIES.....	12
6.8	LEGAL AND COMPLIANCE MATTERS JUNE 2019.....	12
7.	<b>OTHER BUSINESS</b> .....	13
7.1	TENDER FOR THE PROVISION OF INTERNAL AUDIT SERVICES <b>ERROR! BOOKMARK NOT DEFINED.</b>	
8.	<b>NEXT MEETING</b> .....	13
9.	<b>CLOSURE OF MEETING</b> .....	13

## 1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

## 2. PRESNT/ABSENT/APOLOGIES

### **Committee Members Present:**

Ms Gayle Lee - Chair, Mr Peter McNeill, Ms Rowan O'Hagan,  
Cr Ken Clarke OAM, Cr Mark Currie

### **Auditors Present:**

Martin Thompson - Crowe Horwath/Internal Auditor (Exited meeting at 5.12pm)

### **Officers Present:**

Brendan McGrath - Chief Executive Officer (Exited meeting at 5.12pm), Sarah Brindley - Director Corporate Services, Glenda Beecher - Manager People & Governance, Janelle Stein - Governance & Reporting Advisor

### **Officers Apologies:**

Anthony Smith - Manager Finance

## 3. CONFIRMATION OF MINUTES

### **RECOMMENDATION:**

*The Audit Advisory Committee have read and confirm the Minutes of the Audit Advisory Committee meeting of 13 June 2019 as a true and accurate record of the proceedings of the meeting.*

### **MOTION:**

*That the recommendation be adopted.*

(Moved: Cr Ken Clarke OAM / Cr Mark Currie)

**Confirmed**

## 4. CONFLICT OF INTEREST DISCLOSURE

In accordance with sections 77A, 77B, 78 and 79 of the Local Government Act 1989 Audit Advisory Committee members are required to disclose a 'conflict of interest' in a decision if they would receive, or could reasonably be perceived as receiving, a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

**Disclosure must occur immediately before the matter is considered or discussed.**

For all reports that were prepared for the 12 September 2019 Audit Advisory Committee meeting, no Council officers or contractors who provided advice in relation to those reports declared a conflict of interest regarding the matters under consideration.

Independent Member Rowan O'Hagan advised the Audit Advisory Committee that she is an Office Holder for the Wangaratta Sustainability Network. Independent Member Rowan O'Hagan disclosed this information to the Committee in relation to item 6.3 Internal Audit Report - Grants Funding Review.

The Audit Advisory Committee noted the advice but determine no conflict existed.

## 5. **BUSINESS ARISING**

### 5.1 COMMITTEE ACTIONS ITEM STATUS

#### **Executive Summary**

A report was presented to the Audit Advisory Committee to provide an update on the status of action items arising from prior meetings.

**RECOMMENDATION:**

*The Audit Advisory Committee note the Audit Advisory Committee Action Sheet.*

**MOTION:**

*That the recommendation be adopted.*

**(Moved: Cr Ken Clarke / Independent Member Peter McNeill)**

**Carried**

#### **Discussion: Business Arising - Item 5.1**

##### **Out of Session Updates**

The Audit Advisory Committee noted that several documents have been provided out of session and wished to discuss those items.

##### **1. Capitalisation Process Review**

Martin Thompson - Crowe Horwath/Internal Auditor advised the Committee that the scope of review was the process of moving capital works from the work in progress account (WIP Account) up and through to asset register. Completing this internal audit was driven off the back of couple years delay in Financial Report due to asset piece.

The report identified 8 recommendations, with one high risk rated recommendation. The high risk item was in relation to the process of managing the WIP Account.

The report highlights two key areas requiring focus which are the mechanics around accounting piece and the risk which exists in asset renewal.

##### **2. VAGO Final Interim Management Letter**

No comments were made by the Audit Advisory Committee as matters will be covered off in the Final Management Letter.

##### **3. Monthly Finance Report May 2019**

No comments were made by the Audit Advisory Committee as the report was from May 2019.

**Actions: Business Arising - Item 5.1**

As the Manager Finance, Anthony Smith, was an apology an update on the Cash Receiving Risk Register to be provided the Audit Advisory Committee out of session.

**5.2 STRATEGIC AUDIT PLAN 2018/19 - 2020/21****Executive Summary**

A report was presented to the Audit Advisory Committee to review the Strategic Internal Audit Plan 2018/19 - 2020/21 (The Plan).

**RECOMMENDATION:**

*The Audit Advisory Committee review the Strategic Internal Audit Plan 2018/19 - 2020/21 and recommend changes, if required.*

**MOTION:**

*That the recommendation be adopted.*

**(Moved: Independent Member Rowan O'Hagan / Independent Member Peter McNeill)**

**Carried**

**Discussion: Business Arising - Item 5.2**

The Audit Advisory Committee confirmed that the process for the Strategic Audit Plan is that once the Internal Auditors are appointed then there is the opportunity to review and update the Strategic Internal Audit Plan.

Tree Management, Occupational Health & Safety and Procurement were noted as possible internal audits that could be completed during the 2019/20 financial year.

**Actions: Business Arising - Item 5.2**

Director Corporate Services to review current proposed audits and provide a recommendation at the next Audit Advisory Committee meeting on which internal audits could be undertaken 2019/20 financial year.

### **5.3 AUDIT ADVISORY COMMITTEE AGENDA PLAN**

#### **Executive Summary**

A report was presented to the Audit Advisory Committee (the Committee) to review and confirm the completeness of the Committee's agenda plan.

**RECOMMENDATION:**

*The Audit Advisory Committee notes the Audit Advisory Committee Agenda Plan and recommend changes, if required.*

**MOTION:**

*That the recommendation be adopted.*

**(Moved: Cr Ken Clarke / Independent Member Rowan O'Hagan)**

**Carried**

#### **Actions: Business Arising - Item 5.3**

Audit Advisory Committee Chairperson, Gayle Lee, to meet with Council officers to review the agenda plan to ensure it contains all relevant items as defined by the Audit Advisory Committee Charter are included.



## 6. REPORTS

### 6.1 AGED DEBTORS

#### Executive Summary

A report was presented to the Audit Advisory Committee to provide a summary of Council's rates debtors at 30 June 2019.

**RECOMMENDATION:**

*That the Audit Advisory Committee notes the report of Aged Debtors.*

**MOTION:**

*That the recommendation be adopted.*

**(Moved: Independent Member Rowan O'Hagan / Independent Member Peter McNeill)**

**Carried**

#### Actions: Reports - Item 6.1

Provide advised to the Audit Advisory Committee as to whether debt collection activities are performed in-house or outsourced and the last time the arrangement was reviewed.

### 6.2 RISK MANAGEMENT

#### Executive Summary

A report was presented to the Audit Advisory Committee to provide an update on the status of treatments to reduce high and extreme risks.

**RECOMMENDATION:**

*The Audit Advisory Committee notes:*

- 1. Chief Executive Officer - Current and Emerging Risks;**
- 2. Quarterly High or Extreme Strategic Risk Status Report (Q1 2019/20);**
- 3. VAGO Fraud and Corruption Control - Local Government Report;**  
**and**
- 4. Update on Strategic Risk Management.**

**MOTION:**

*That the recommendation be adopted.*

**(Moved: Cr Ken Clarke / Cr Mark Currie)**

**Carried**

**Actions: Reports - Item 6.2**

Update the Quarterly High or Extreme Strategic Risk Status Report to provide further explanation to outline/define a Treatment.

Additionally, expand the Quarterly High or Extreme Strategic Risk Status Report to incorporate 'Emerging Risks'.

**6.3 INTERNAL AUDIT REPORT - GRANTS FUNDING REVIEW****Executive Summary**

A report was presented to the Audit Advisory Committee to review the internal audit report concerning the Grants Funding Review.

**RECOMMENDATION:**

*The Audit Advisory Committee notes the findings and management responses for the Grants Funding internal audit review.*

**MOTION:**

*That the recommendation be adopted.*

(Moved: Cr Ken Clarke OAM / Independent Member Peter McNeill)

**Carried**

**6.4 AUDIT ACTIONS - STATUS REPORT****Executive Summary**

A report was presented to the Audit Advisory Committee to provide an update on the status of internal and external audit recommendations.

**RECOMMENDATION:**

*The Audit Advisory Committee notes the update on the status of internal and external audit recommendations.*

**MOTION:**

*The Audit Advisory Committee:*

- 1. recommends the Council set the CEO a KPI in relation to reducing outstanding internal and external audit actions; and*
- 2. notes the update on the status of internal and external audit recommendations.*

(Moved: Cr Ken Clarke OAM / Cr Mark Currie)

**Carried**

**Actions: Reports - Item 6.4**

Ensure all commentary is written in a manner which provides a full explanation to the Audit Advisory Committee of the work completed.

In the Open Internal and External Audit Actions Status Report include a 'sign off' date for Directors to verify the completion of audit actions.

Have the incoming Internal Auditors undertake assurance testing of a sample of completed high and medium rated audit actions to provide confirmation actions have been actioned/addressed by Council.

Councillors to raise with the Chief Executive Officer (CEO) the requirement to have an indicator in relation to outstanding internal and external audit actions added to CEO's Key Performance Indicators.

**6.5 AUDIT ADVISORY COMMITTEE CHARTER REVIEW****Executive Summary**

A report was presented to the Audit Advisory Committee to provide the amended Audit Advisory Committee Charter for their review.

**RECOMMENDATION:**

*The Audit Advisory Committee endorse the revised Audit Advisory Committee Charter (2019 Revision) to proceed through to Council for consideration and approval.*

**MOTION:**

*The Audit Advisory Committee endorse the revised Audit Advisory Committee Charter (2019 Revision) to proceed through to Council for consideration and approval, subject to the additional minor changes made by the Audit Advisory Committee.*

**(Moved: Independent Member Rowan O'Hagan / Independent Member Peter McNeill)**

**Carried**

**Actions: Reports - Item 6.5**

Update the revised Audit Advisory Committee Charter to include:

- Revise ability to recommend a Committee member be removed following 2 non-attendances in a 12 month period, rather than 3.
- Reduce the review cycle of the Audit Advisory Committee Charter from 3 years to a 2 year cycle.
- In clause 5.3 (Memberships) add the following sentence to the end of the point *"All reappointments following each independent member's second term must be publicly advertised."*

## **6.6 AUDIT ADVISORY COMMITTEE APPOINTMENT**

### **Executive Summary**

A report was presented to the Audit Advisory Committee to provide notice that Council will need to undertake the relevant processes to appoint an external independent member due to the end of an external independent member's three-year term.

**RECOMMENDATION:**

*The Audit Advisory Committee notes the report.*

**MOTION:**

*That the recommendation is adopted.*

**(Moved: Independent Member Peter McNeill / Cr Ken Clarke)**

**Carried**

### **Actions: Reports - Item 6.6**

Independent Member Rowan O'Hagan to advise the Audit Advisory Committee at the 3 December 2019 as to her intentions for standing for a second term.

## **6.7 AMENDED COUNCIL POLICIES**

### **Executive Summary**

A report was presented to the Audit Advisory Committee for information purposes regarding the presentation to Council of the revised Fraud and Corruption Control Policy, Protected Disclosures Policy and Asset Management Plans (Roads, Bridges and Drainage). In addition to the adoption of the Australia Day Awards and Event Policy and the Public Art Policy.

**RECOMMENDATION:**

*The Audit Advisory Committee notes this report.*

**MOTION:**

*That the recommendation is adopted.*

**(Moved: Cr Ken Clarke / Independent Member Rowan O'Hagan)**

**Carried**

### **Actions: Reports - Item 6.7**

Complete an edit of the Fraud and Corruption Control and Protected Disclosures Policies prior to publishing to ensure grammar used throughout the documents is correct and consistent.

## **6.8 LEGAL AND COMPLIANCE MATTERS JUNE 2019**

### **Executive Summary**

A report was presented to the Audit Advisory Committee for the Committee's consideration of any current legal and compliance matters.

**RECOMMENDATION:**

*The Audit Advisory Committee notes the disclosures in relation to legal and compliance matters.*

**MOTION:**

*That the recommendation is adopted.*

**(Moved: Independent Member Peter McNeill / Independent Member Rowan O'Hagan)**

**Carried**

## **7. OTHER BUSINESS**

### **7.1 TENDER FOR THE PROVISION OF INTERNAL AUDIT SERVICES**

The Audit Advisory Committee were advised that the tender for the Provision of Internal Audit Services closed on Thursday 5 September 2019. Multiple tenders were received.

An Evaluation Panel has been convened and is currently reviewing tenders.

The Audit Advisory Committee will be provided with an out of session update on which Internal Auditor is recommended for appointment to obtain their endorsement of the recommendation.

## **8. NEXT MEETING**

Tuesday 17 September 2019, 4.00pm - 5.00pm.

## **9. CLOSURE OF MEETING**

Meeting closed at 5.47pm.