

Minutes

Of the Audit Advisory Committee Meeting

Location: By video conference

Date: 2 June 2020

Time: 3.00pm



RURAL CITY OF
WANGARATTA

Brendan McGrath
Chief Executive Officer

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1. ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge the traditional owners of the land on which we are meeting. We pay our respects to their Elders past, present and emerging and to Elders from other communities who may be here today.

2. PRESENT/ABSENT/APOLOGIES

Committee Members Present:

Ms Gayle Lee - Chairperson, Mr Peter McNeill, Ms Rowan O'Hagan, Cr Dean Rees - Mayor (proxy for Cr Mark Currie), Cr Ken Clarke OAM

Auditors Present:

Brad Ead – Partner AFS & Associates, Stephen Clarke – Director Johnsons MME

Officers Present:

Brendan McGrath - Chief Executive Officer, Sarah Brindley - Director Corporate Services, Glenda Beecher - Manager People & Governance, Rindayi Matienga - Manager Finance, Tony Raven - Governance & Reporting Advisor

Apologies:

Cr Mark Currie

3. CONFIRMATION OF MINUTES

Mr Peter McNeill moved, Ms Rowan O'Hagan seconded –

That the minutes of the Audit Advisory Committee meeting held on 17 March 2020 be confirmed subject to the correction of Cr Currie's title in the list of members present.

Carried.

4. CONFLICT OF INTEREST DISCLOSURE

Nil.

5. REPORTS

5.1 CEO STRATEGIC & EMERGING RISKS REPORT

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Governance and Risk Advisor
File No: IC20/890

Purpose

To assist the committee to gain greater understanding of the emerging issues and risks of the Council. This report includes the status of any major lawsuits or compliance investigations.

Ms Rowan O'Hagan moved, Mr Peter McNeill seconded –

That the Audit Advisory Committee notes the report.

Carried.

5.2 IMPLICATIONS OF THE LOCAL GOVERNMENT ACT 2020

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Governance and Risk Advisor
File No: IC20/891

Purpose

To review the implications for the organisation and the committee arising from the introduction of the new *Local Government Act 2020*.

Cr Ken Clarke OAM moved, Mr Peter McNeill seconded –

That the Audit Advisory Committee notes the report and considers conveying to Council its views regarding the transition process to an audit and risk committee.

Carried.

The proposed approach to accommodate the transition to an Audit & Risk Committee (ARC) will be to develop and exhibit a draft charter for comments. Committee members will have this opportunity and be heard by a committee of council prior to the Council meeting to establish the ARC and adopt the charter.

5.3 ANNUAL WORK PROGRAM

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Governance and Risk Advisor
File No: IC20/892

Purpose

To review, update and endorse a forward annual work program including meeting dates, charter contents, agenda items and ways of working.

Cr Ken Clarke OAM moved, Mr Peter McNeill seconded –

That the Audit Advisory Committee:

- 1. endorses the annual work program at Attachment 2;***
- 2. hold an additional committee meeting on 18 August 2020 to enable the 15 September 2020 meeting to deal solely with the annual financial statements, performance statement and governance and management checklist.***
- 3. considers improvements to agenda structure and content that enables the committee to meet its obligations an effective and efficient manner.***

Carried.

Actions:

1. Format the annual work program as a table.
2. Position report attachments in the agenda immediately following the related report.

5.4 AUDIT PROJECTS AND ACTIONS

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Governance and Risk Advisor
File No: IC20/894

Purpose

To review the most recent audit planning documents, completed internal audit projects, VAGO management letters and the status of audit projects, audit recommendations and committee meeting actions.

Mr Peter McNeill moved, Cr Ken Clarke OAM seconded –

That the Audit Advisory Committee notes the external audit report.

Carried.

The external auditor listed the following as areas of focus:

- rates and receivables
- debtors
- risk of call for defined super programs
- valuations

The interim management letter was issued on 29 May 2020 noting 3 new recommendations in the following areas:

- i. payroll and supplier master file amendment reports and review processes
- ii. information technology security and the use of multi factor authentication
- iii. purchase orders dated after corresponding tax invoices

Cr Ken Clarke OAM moved, Ms Rowan O'Hagan seconded –

That the Audit Advisory Committee notes the internal audit report and endorses the following order of internal audit projects for 2020-21:

- 1. Records management & information privacy***
- 2. Long Term Financial Plan***
- 3. Contract Management***
- 4. Validation of past actions***
- 5. Fraud & Corruption Management***
- 6. Environmental Management & Sustainability***

Carried.

Members recommendations for inclusions in the scope of internal audit projects included:

1. Long term financial plan
 - a. confirm the model has adequate security controls

- b. confirm that there is a process in place for ongoing updates
- c. confirm that there is a link to the budget
- 2. Environmental management & sustainability
 - a. confirm that there is an adequate assessment of future cost
 - b. confirm whether there is consideration of the Victorian State climate change adaption plan

Actions:

- 3. The interim management letter to be circulated to members out of session.
- 4. Provide more detailed reasons for pushing out audit action target completion dates at the next meeting and involve the internal auditor in this process.

5.5 FINANCIAL STATEMENTS 2019-20

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Manager Finance
File No: IC20/895

Purpose

To review the most recent financial statements reported to Council, aged debtors and CEO credit card expenses. Please note the attached reports are as at 31 March 2020 and precede the Covid-19 Finance report.

Cr Dean Rees moved, Ms Rowan O'Hagan seconded –

That the Audit Advisory Committee notes the report.

Carried.

Action:

- 5. Include actuals + commitments into financial reports, even if it goes over multiple years.
- 6. Advise the reason for the negative 'inventory' number on the balance sheet.

5.6 COVID-19 FINANCIAL RISK MITIGATION

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Manager Finance
File No: IC20/901

Purpose

To monitor the impact of the coronavirus Covid-19 pandemic on council's financial position and related council responses.

Cr Ken Clarke OAM moved, Ms Rowan O'Hagan seconded –

That the Audit Advisory Committee notes the report.

Carried.

5.7 COUNCIL PLAN PERFORMANCE REPORT

Meeting Type: Audit Advisory Committee Meeting
Date of Meeting: 2 June 2020
Author: Governance and Risk Advisor
File Name: 2018-2019 - Council Plan Reporting
File No: IC20/900

Purpose

To monitor Council performance reporting.

Ms Rowan O'Hagan moved, Cr Dean Rees seconded –

That the Audit Advisory Committee notes the 'What You Will See in 2019-20' Status Report, and the 'Council Plan Measures Report' for Quarter 3 of the 2019-20 financial year.

Carried.

6. OTHER BUSINESS

Nil.

7. **NEXT MEETING**

18 August 2020

8. **CLOSURE OF MEETING**

The meeting closed at 5.10pm.