

AUDIT COMMITTEE MEETING

**SUMMARY
MINUTES**

2 SEPTEMBER 2015

at 8:30 AM

COPACC Meeting Rooms



COLAC-OTWAY SHIRE AUDIT MEETING

2 September 2015

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MINUTES of the *AUDIT COMMITTEE MEETING OF THE COLAC-OTWAY SHIRE COUNCIL* held at the COPACC Meeting Rooms on 2 September 2015 at 8.30am.

1. OPENING OF MEETING

2. PRESENT

Mike Said (Chair)
Ms Linda MacRae
Cr Michael Delahunty
Cr Stephen Hart

Sue Wilkinson, Chief Executive Officer
Colin Hayman, General Manager, Corporate Services
Mr Ashley Roberts, Manager Financial Services
Mr David Testa, Financial Operations Coordinator
Ms Carmen Lawrence, Manager People, Performance & Culture
Ms Jenny Wood, Manager Governance & Customer Services
Mr Manny Peralta, Risk and OH&S Coord. (10.00 to 10.20 am & 10.30 to 10.40 am)
Ms Margaret Giudice, Corporate Development Officer (10.00 am to 10.20 am)
Mr Andrew Zavitsanos, Crowe Horwath
Mr Stephen O'Kane, LDAssurance (8.30 am to 10.35 am)

3. APOLOGIES

Mr Martin Thompson, Crowe Horwath

4. DISCLOSURE OF ANY CONFLICTS OF INTEREST

Nil

5. CONFIRMATION OF MINUTES – PREVIOUS MEETING

6. BUSINESS ARISING FROM THE PREVIOUS MEETING(S)

7. CEO'S DECLARATION OF LEGAL COMPLIANCE

8. REPORTS

9. GENERAL BUSINESS

AC150209-1 5 - CONFIRMATION OF MINUTES 22 JUNE 2015

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee endorses the minutes of the Colac Otway Shire's Audit Committee meeting held on 22 June 2015.

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee endorses the minutes of the Colac Otway Shire's Audit Committee meeting held on 22 June 2015.

Carried

AC150209-2 7 - CEO'S STATEMENT OF COMPLIANCE

AUTHOR:	Sue Wilkinson	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Executive	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the following issue:

- 1. Procurement***

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee notes the following issue:

- 1. Procurement***

Carried

AC150209-3 8.1 A - ANNUAL FINANCIAL STATEMENTS 2014/2015

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

- 1. That the Audit Committee adopts 'In Principle' the 2014-2015 Financial Statements, subject to any immaterial adjustments as may be required by the audit in accordance with section 132(2) of the Local Government Act 1989.***
- 2. That the Audit Committee adopts 'In Principle' the 2014-2015 Performance Statement, subject to any immaterial adjustments required by the audit in accordance with Section 132(2) of the Local Government Act 1989.***
- 3. Proviso is made that the 2014-2015 Financial Statements and Performance Statement be referred back to the Audit committee for information, if there is significant change prior to signing.***
- 4. That the Audit Committee recommends to Council that Crs Stephen Hart and Michael Delahunty sign the final statements on behalf of Council.***
- 5. That thanks be recorded to both staff of the Colac Otway Shire and LD Assurance involved with the preparation of the 2014-2015 Annual Accounts and Audit Processes.***

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

- 1. That the Audit Committee recommends to Council that it adopts 'In Principle' and as amended the 2014-2015 Financial Statements, subject to any immaterial adjustments as may be required by the audit in accordance with section 132(2) of the Local Government Act 1989.***
- 2. That the Audit Committee recommends to Council that it adopts 'In Principle' and as amended the 2014-2015 Performance Statement, subject to any immaterial adjustments required by the audit in accordance with Section 132(2) of the Local Government Act 1989.***
- 3. Proviso is made that the 2014-2015 Financial Statements and Performance Statement be referred back to the Audit committee for information, if there is any change prior to signing.***
- 4. That the Audit Committee recommends to Council that Crs Stephen Hart and Michael Delahunty sign the final statements on behalf of Council.***
- 5. That thanks be recorded to both staff of the Colac Otway Shire and LD Assurance involved with the preparation of the 2014-2015 Annual Accounts and Audit Processes.***
- 6. That the Audit Committee notes the Final Management letter and Closing Report and that the financial reports are presented fairly without qualification.***

Carried

At 10.20 am the Audit Committee members met with Stephen O'Kane of LD Assurance (External Auditor) in camera.

At 10.27 am the Audit Committee members and Stephen O'Kane of LD Assurance (External Auditor) met with Ms Sue Wilkinson and Mr Colin Hayman in camera.

The meeting resumed at 10.30 am.

AC150209-4 8.1 B - END OF FINANCIAL YEAR MANAGEMENT REPORT 2014/2015

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Financial Management Report 2014/2015 for information.

Notes:

Suggest that the Vision Super VBI be included in the report and reported to Council and the Audit Committee on a quarterly basis.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee receives the Financial Management Report 2014/2015 for information.

Carried

AC150209-5 8.2 A - REVIEW OF PROCUREMENT /PURCHASING PRACTICES

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the report on the Review of Procurement/Purchasing Practices and the recommendations and actions that are to be implemented to further improve the Procurement practices of Council.

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee notes the report on the Review of Procurement/Purchasing Practices and the recommendations and actions that are to be implemented to further improve the Procurement practices of Council.

Carried

AC150209-6 8.2 B - INTERNAL CONTROL - ELECTRONIC CONTENT MANAGEMENT

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the report on Electronic Content Management and the significant improvements made to the various control ratings since the last assessment.

Resolution

Moved Cr Stephen Hart seconded Cr Michael Delahunty

That the Audit Committee notes the report on Electronic Content Management and the significant improvements made to the various control ratings since the last assessment.

Carried

AC150209-7 8.3 A - RISK MANAGEMENT - RISK MANAGEMENT ADHERENCE REPORT

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Risk Management Adherence Report as at 12 August 2015.

Resolution

Moved Cr Stephen Hart seconded Ms Linda MacRae

That the Audit Committee receives the Risk Management Adherence Report as at 12 August 2015.

Carried

AC150209-8 8.4 A - FRAUD PREVENTION/AWARENESS - FRAUD CONTROL PROGRAM

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Fraud Control Program Report for the period 30 May 2015 to 13 August 2015.

Resolution

Moved Cr Stephen Hart seconded Cr Michael Delahunty

That the Audit Committee receives the Fraud Control Program Report for the period 30 May 2015 to 13 August 2015.

Carried

AC150209-9 8.6 A - INTERNAL AUDIT - STATUTORY BUILDING

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Internal Audit Report on Statutory Building noting management comments.

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee receives the Internal Audit Report on Statutory Building noting management comments.

Carried

AC150209-10 8.6 B - INTERNAL AUDIT - FOLLOW-UP - PRIOR INTERNAL AUDIT REPORTS REVIEW

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Internal Audit Report on "Follow-Up of Selected High Risk Matters Raised in Prior Internal Audit Reports Review".

Notes:

The target dates for overdue actions should be reviewed.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee receives the Internal Audit Report on "Follow-Up of Selected High Risk Matters Raised in Prior Internal Audit Reports Review".

Carried

AC150209-11 8.6 C - INTERNAL AUDIT - INTERNAL AUDIT REPORTS UPDATE AS AT 30 JUNE 2015

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Internal Audit Reports Update on High and Moderate Risk Rating Recommendations as at 30 June 2015 for the following Audits:

- ***Accounting for Non-Infrastructure Assets***
- ***Payroll Review***
- ***Fraud Management Review***
- ***IT Control Environment Review***
- ***Livestock Selling Centre***
- ***Contract Management Review (Contracted Works)***
- ***Building Maintenance - Essential Safety Measures***
- ***Rates Management Review***
- ***Legislative Compliance***
- ***Food Act Compliance***
- ***Immunisation Management***

Notes:

Need to consider how overdue items should be reported to the Audit Committee.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee

1. ***Receives the Internal Audit Reports Update on High and Moderate Risk Rating Recommendations as at 30 June 2015 for the following Audits:***
 - ***Accounting for Non-Infrastructure Assets***
 - ***Payroll Review***
 - ***Fraud Management Review***
 - ***IT Control Environment Review***
 - ***Livestock Selling Centre***
 - ***Contract Management Review (Contracted Works)***
 - ***Building Maintenance - Essential Safety Measures***
 - ***Rates Management Review***
 - ***Legislative Compliance***
 - ***Food Act Compliance***
 - ***Immunisation Management***
2. ***Notes that items related to AVdata and the Truck Wash at the Colac Regional Livestock Selling Centre be shown as incomplete.***
3. ***Requests a report be provided to the December 2015 Audit Committee meeting on the Installation of the Avdata system at the Colac Regional Livestock Selling Centre and details of the Truck Wash including an analysis of income and expenditure.***

Carried

AC150209-12 8.6 D - INTERNAL AUDIT - INTERNAL AUDIT PROGRESS UPDATE

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the Internal Audit Progress Reports for the periods 2013/2014 to 2015/2016.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee notes the Internal Audit Progress Reports for the periods 2013/2014 to 2015/2016.

Carried

AC150209-13 8.6 E - INTERNAL AUDIT - ACCOUNTS PAYABLE, CASH HANDLING AND RECEIPTING

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Internal Audit Report on Accounts Payable, Cash Handling and Receipting noting management comments.

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee receives the Internal Audit Report on Accounts Payable, Cash Handling and Receipting noting management comments.

Carried

AC150209-14 8.8 A - COMPLIANCE - EXCESS ANNUAL LEAVE REPORT

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee receives the Annual Leave Report as at 13 August 2015 for information.

Notes:

That the Annual Leave Report be provided to the Audit Committee twice a year. December and June.

Resolution

Moved Cr Stephen Hart seconded Ms Linda MacRae

That the Audit Committee receives the Annual Leave Report as at 13 August 2015 for information.

Carried

AC150209-15 8.8 B - COMPLIANCE - COMPLIANCE REGISTER 2014/2015

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the report on the Compliance Register as at 30 June 2015.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee notes the report on the Compliance Register as at 30 June 2015.

Carried

AC150209-16 8.9 A - REPORTING RESPONSIBILITIES - OPERATIONAL PLAN 2015/2016

AUTHOR:	Margaret Giudice	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the report on the Operational Plan 2015/2016.

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee notes the report on the Operational Plan 2015/2016.

Carried

AC150209-17 8.9 B - REPORTING RESPONSIBILITIES - AUDIT COMMITTEE REPORT 2014/2015

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the Annual Report details for the Audit Committee for 2014/2015.

Resolution

Moved Cr Stephen Hart seconded Ms Linda MacRae

That the Audit Committee notes the Annual Report details for the Audit Committee for 2014/2015.

Carried

AC150209-18 8.9 C - ASSET VALUATION AND REVALUATION POLICY

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee recommends to Council that the Asset Valuation and Revaluation Policy be adopted.

Notes:

- Delete Appendix 1 from the Draft Policy.
- Add that Useful lives and thresholds will be reviewed on an annual basis in accordance with the Accounting Standards and in conjunction with the preparation of the Annual Financial Statements.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee recommends to Council that the Asset Valuation and Revaluation Policy as amended be adopted.

Carried

AC150209-19 8.9 D - ASSET CAPITALISATION POLICY

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee recommends to Council that the Asset Capitalisation Policy be adopted.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee recommends to Council that the Asset Capitalisation Policy be adopted.

Carried

AC150209-20 8.10 A - OTHER - AUDIT COMMITTEE PLAN

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the updated Audit Committee Plan for 2015/2016.

Resolution

Moved Ms Linda MacRae seconded Cr Michael Delahunty

That the Audit Committee:

- 1. Notes the updated Audit Committee Plan for 2015/2016.***
- 2. Notes that the Chairperson of the Audit Committee is to discuss with Officers the Audit Committee Plan prior to the next meeting of the Committee.***

Carried

AC150209-21 8.10 B - OTHER - BLUEWATER REDEVELOPMENT

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the progress of the Bluewater Fitness Centre Redevelopment Project.

Resolution

Moved Cr Stephen Hart seconded Ms Linda MacRae

That the Audit Committee:

- 1. Notes the progress of the Bluewater Fitness Centre Redevelopment Project.***
- 2. Recommends to Council that a Post Construction Review of the Bluewater Fitness Centre Redevelopment Project be undertaken.***

Carried

AC150209-22 8.10 C - LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK UPDATE

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the report on the Local Government Performance Reporting Framework.

Resolution

Moved Cr Michael Delahunty seconded Cr Stephen Hart

That the Audit Committee notes the report on the Local Government Performance Reporting Framework.

Carried

AC150209-23 8.10 D - OTHER - LOCAL GOVERNMENT RATES CAPPING & VARIATION FRAMEWORK REVIEW

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate Services	FILE REF:	F15/5693

Original Recommendation

That the Audit Committee notes the report on the Local Government Rates Capping and Variation Framework Review.

Resolution

Moved Cr Stephen Hart seconded Cr Michael Delahunty

That the Audit Committee:

- 1. Notes the report on the Local Government Rates Capping and Variation Framework Review.***
- 2. In noting the report the Audit Committee is not expressing a view on Rate Capping.***

Carried

GENERAL BUSINESS

Mr David Testa, Mr Mike Said and Ms Linda MacRae thanked Colin Hayman for his contribution to the Audit Committee.

The Meeting Was Declared Closed at 12.25 pm

TO BE CONFIRMED at the meeting held on 2 DECEMBER 2015