



Colac Otway
SHIRE

AUDIT COMMITTEE MEETING

SUMMARY MINUTES

22 JUNE 2015

at 9:00 AM

COPACC Meeting Room

Next Meeting:
2 September 2015 at 8.30 am
COPACC Meeting Rooms, Colac



**COLAC-OTWAY SHIRE AUDIT MEETING
22 JUNE 2015
TABLE OF CONTENTS**

OFFICERS' REPORTS

AC152206-1	5. Confirmation of Minutes 18 March 2015	4
AC152206-2	7. CEO'S STATEMENT OF COMPLIANCE	4
AC152206-3	8.1 A - FINANCIAL REPORTING - THIRD QUARTER FINANCIAL PERFORMANCE REPORT 2014/2015	5
AC152206-4	8.1 B - FINANCIAL REPORTING - DRAFT BUDGET 2015-2016.....	5
AC152206-1	8.1 C - FINANCIAL REPORTING - SHELL FINANCIAL STATEMENTS 2014-2015	6
AC152206-6	8.3 A - RISK MANAGEMENT - RISK MANAGEMENT ADHERENCE REPORT	6
AC152206-7	8.4 A - FRAUD PREVENTION/AWARENESS - FRAUD CONTROL PROGRAM	7
AC152206-8	8.5 A - BUSINESS CONTINUITY - REVIEW AND EXERCISING OF THE CORPORATE BUSINESS CONTINUITY AND CRITICAL INCIDENT MANAGEMENT PLANS AND TESTING OF THE IT DISASTER RECOVERY PLANS	7
AC152206-9	8.6 A - INTERNAL AUDIT - INTERNAL AUDIT PROGRESS	8
AC152206-10	8.6 B - INTERNAL AUDIT - ANNUAL AUDIT PLAN FOR 2015/2016 AND 2016/2017.....	9
AC152206-11	8.7 A - EXTERNAL AUDIT - INTERIM FINANCIAL AUDIT 30 JUNE 2015.....	10
AC152206-12	8.8 A - COMPLIANCE - EXCESS ANNUAL LEAVE REPORT	11
AC152206-13	8.8 B - COMPLIANCE - COMPLIANCE REGISTER 2014/2015	11
AC152206-14	8.8 C - COMPLIANCE - INDEPENDENT BROAD BASED ANTI- CORRUPTION COMMISSION - LOCAL GOVERNMENT: REVIEW OF COUNCIL WORKS DEPOTS	12
AC152206-15	8.9 A - REPORTING RESPONSIBILITIES - VICTORIAN AUDITOR GENERAL - LOCAL GOVERNMENT RESULTS OF THE 2013-14 AUDITS.....	13
AC152206-16	8.9 B - REPORTING RESPONSIBILITIES - OPERATIONAL PLAN THIRD QUARTER.....	13
AC152206-17	8.9 C - REPORTING RESPONSIBILITIES - COUNCIL PLAN (INCLUDING STRATEGIC RESOURCE PLAN).....	14
AC152206-18	8.10 A - OTHER - AUDIT COMMITTEE PLAN	14
AC152206-19	8.10 B - OTHER - BLUEWATER FITNESS CENTRE REDEVELOPMENT	15
AC152206-20	8.10 C - OTHER - LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK UPDATE.....	15
AC152206-21	8.10 D - OTHER - RATE CAPPING	16
AC152206-22	8.10 E - OTHER - COPACC UPDATE REPORT	16

MINUTES of the **AUDIT COMMITTEE MEETING OF THE COLAC-OTWAY SHIRE COUNCIL** held at the COPACC Meeting Room on 22 June 2015 at 9.00 am.

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 & Community Services
Mr Ashley Roberts, Manager Finance & Customer Services
Mr David Testa, Financial Operations Coordinator
Ms Carmen Lawrence, Manager Organisational Support & Development (9 am to 10.55 am)
Mr Manny Peralta (10.00 am to 10.45 am)
Mr Martin Thompson, Cröwe Horwath
Mr Stephen O'Kane, LDAssurance

3. APOLOGIES

4. DISCLOSURE OF ANY CONFLICTS OF INTEREST

5. CONFIRMATION OF MINUTES – PREVIOUS MEETING

6. BUSINESS ARISING FROM THE PREVIOUS MEETING(S)

7. CEO'S DECLARATION OF LEGAL COMPLIANCE

AC152206-1 5. CONFIRMATION OF MINUTES 18 MARCH 2015

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

The change in the date of the Audit Committee meeting from 17 June 2015 to Monday 22 June 2015 was noted.

Recommendation(s)

That the Audit Committee endorse the minutes of the Colac Otway Shire's Audit Committee meeting held on 18 March 2015.

Resolution

Moved Cr Stephen Hart seconded Ms Linda MacRae

That the Audit Committee endorse the minutes of the Colac Otway Shire's Audit Committee meeting held on 18 March 2015.

Carried

AC152206-2 7. CEO'S STATEMENT OF COMPLIANCE

AUTHOR:	Sue Wilkinson	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Recommendation(s)

That the Audit Committee notes the following issue from the CEO's Statement of Compliance:

- ***Update on Conflict of Interest***

Resolution

Moved Cr Michael Delahunty and seconded Cr Stephen Hart

That the Audit Committee notes the following issue from the CEO's Statement of Compliance:

- ***Update on Conflict of Interest***

Carried

AC152206-3

**8.1 A - FINANCIAL REPORTING - THIRD QUARTER
FINANCIAL PERFORMANCE REPORT 2014/2015**

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a copy of the Third Quarter, Financial Performance Report for 2014/2015.

Recommendation(s)

That the Audit Committee receives the report on the Third Quarter Financial Performance Report for 2014/2015 for information.

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee receives the report on the Third Quarter Financial Performance Report for 2014/2015 for information.

Carried

AC152206-4

8.1 B - FINANCIAL REPORTING - DRAFT BUDGET 2015-2016

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with details of the Budget process for 2015-2016.

Recommendation(s)

That the Audit Committee notes the report on the Draft Budget 2015-2016.

Resolution

Moved Cr Stephen Hart and seconded Ms Linda MacRae

That the Audit Committee notes the report on the Draft Budget 2015-2016.

Carried

AC152206-1

8.1 C - FINANCIAL REPORTING - SHELL FINANCIAL STATEMENTS 2014-2015

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a copy of the Shell Financial Statements for 2014-2015.

Recommendation(s)

That the Audit Committee notes the report on the Shell Financial Statements for 2014-2015.

Resolution

Moved Cr Michael Delahunty and seconded Cr Stephen Hart

That the Audit Committee notes the report on the Shell Financial Statements for 2014-2015.

Carried

AC152206-6

8.3 A - RISK MANAGEMENT - RISK MANAGEMENT ADHERENCE REPORT

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

This report provided summary information on the key and pending risk activities for the organisation as at 29 May 2015.

Recommendation(s)

That the Audit Committee receives the Risk Management Adherence Report as at 29 May 2015.

Resolution

Moved Cr Michael Delahunty and seconded Cr Stephen Hart

- 1. That the Audit Committee receives the Risk Management Adherence Report as at 29 May 2015*
- 2. That The Audit Committee recommends that a report on Extreme and High Risks identified in the Strategic Risk Register and any explanatory reports be presented to Council on a 6 monthly basis.*

Carried

AC152206-7

8.4 A - FRAUD PREVENTION/AWARENESS - FRAUD CONTROL PROGRAM

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a copy of the Fraud Control Program for the period 29 January 2015 to 30 May 2015.

Recommendation(s)

That the Audit Committee receives the Fraud Control Program Report for the period 29 January 2015 to 30 May 2015.

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee receives the Fraud Control Program Report for the period 29 January 2015 to 30 May 2015.

Carried

AC152206-8

8.5 A - BUSINESS CONTINUITY - REVIEW AND EXERCISING OF THE CORPORATE BUSINESS CONTINUITY AND CRITICAL INCIDENT MANAGEMENT PLANS AND TESTING OF THE IT DISASTER RECOVERY PLANS

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide an update to the Audit Committee on the Review and Testing of the various Management Plans and Testing of the IT Disaster Recovery Plan.

Recommendation(s)

That the Audit Committee notes the report on the review and testing of the Corporation Business Continuity and Critical Incident Management Plans and testing of the IT Disaster Recovery Plan.

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee notes the report on the review and testing of the Corporation Business Continuity and Critical Incident Management Plans and testing of the IT Disaster Recovery Plan.

Carried

AC152206-9

8.6 A - INTERNAL AUDIT - INTERNAL AUDIT PROGRESS

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with the Internal Audit Progress Reports for the periods 2013 to 2015.

Recommendation(s)

That the Audit Committee notes the Internal Audit Progress Reports for the periods 2012/2013 to 2014/2015.

Resolution

Moved Cr Michael Delahunty and seconded Cr Stephen Hart

That the Audit Committee notes the Internal Audit Progress Reports for the periods 2012/2013 to 2014/2015.

Carried

AC152206-10

**8.6 B - INTERNAL AUDIT - ANNUAL AUDIT PLAN FOR
2015/2016 AND 2016/2017**

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with the Annual Audit Plan for the period July 2015 to June 2016 and a draft Audit Program for 2016/2017.

Recommendation(s)

That the Audit Committee endorses the Audit Projects for 2015/2016:

- ***Fees and Charges***
- ***Human Resources***
- ***Insurance and Risk Management***
- ***Purchasing Cards.***

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee :

1. Endorses the Audit Projects for 2015/2016:

- ***Review of Depot Operations***
- ***Human Resources***
- ***Insurance and Risk Management***
- ***Purchasing Cards.***

2. Notes that the Fees and Charges Audit Project is to be deferred.

3. Notes that the draft Memorandum of Audit Planning (MAP) for the Review of Depot Operations is to be circulated to Audit Committee members for comment and sign off.

Carried

AC152206-11

**8.7 A - EXTERNAL AUDIT - INTERIM FINANCIAL AUDIT 30
JUNE 2015**

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a copy of the Interim Financial Audit undertaken by Council's External Auditors LD Assurance Chartered Accountants.

Recommendation(s)***That the Audit Committee:***

- 1. Receives the Interim Management Letter from the Victorian Auditor-General's Office for the financial year ending 30 June 2015.***
- 2. Notes the individual issues and the management comments and action plan.***

Resolution

Moved Cr Stephen Hart and seconded Ms Linda MacRae

That the Audit Committee:

- 1. Receives the Interim Management Letter from the Victorian Auditor-General's Office for the financial year ending 30 June 2015.***
- 2. Notes the individual issues and the management comments and action plan.***

Carried

AC152206-12 8.8 A - COMPLIANCE - EXCESS ANNUAL LEAVE REPORT

AUTHOR:	Ashley Roberts	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to highlight to the Audit Committee the level of accrued annual leave approaching or exceeding the accepted maximum of eight (8) weeks.

Recommendation(s)

That the Audit Committee receives the Annual Leave Report as at 25 May 2015 for information.

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee receives the Annual Leave Report as at 25 May 2015 for information.

Carried

AC152206-13 8.8 B - COMPLIANCE - COMPLIANCE REGISTER 2014/2015

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a copy of the updated Compliance Register for 2014/2015.

Recommendation(s)

That the Audit Committee notes the report on the Compliance Register as at 29 May 2015.

Resolution

Moved Cr Michael Delahunty and seconded Ms Linda MacRae

That the Audit Committee notes the report on the Compliance Register as at 29 May 2015.

Carried

AC152206-14

8.8 C - COMPLIANCE - INDEPENDENT BROAD BASED ANTI-CORRUPTION COMMISSION - LOCAL GOVERNMENT: REVIEW OF COUNCIL WORKS DEPOTS

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with information on a report on "Local Government: Review of Council Works Depots" undertaken by the Independent Broad-Based Anti-Corruption Commission (IBAC).

The following six councils were chosen to participate in the project:

- Benalla Rural City
- Central Goldfields Shire
- Corangamite Shire
- Glenelg Shire
- Greater Dandenong City
- Whitehorse City

Recommendation(s)

That the Audit Committee notes the Independent Broad-Based Anti-Corruption Commission report on Local Government: Review of Council Works Depots.

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee notes the Independent Broad-Based Anti-Corruption Commission report on Local Government: Review of Council Works Depots.

Carried

**AC152206-15 8.9 A - REPORTING RESPONSIBILITIES - VICTORIAN AUDITOR
GENERAL - LOCAL GOVERNMENT RESULTS OF THE 2013-14
AUDITS**

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of the report was for the Audit Committee to consider the Victorian Auditor-General's report "Local Government: Results of the 2013/2014 Audits".

Recommendation(s)

That the Audit Committee receives the report 'Victorian Auditor General – Local Government: Results of the 2013/2014 Audits' and notes that Council has maintained a low risk financial sustainability over the past six years.

Resolution

Moved Cr Stephen Hart and seconded Ms Linda MacRae

That the Audit Committee receives the report 'Victorian Auditor General – Local Government: Results of the 2013/2014 Audits' and notes that Council has maintained a low risk financial sustainability over the past six years.

Carried

**AC152206-16 8.9 B - REPORTING RESPONSIBILITIES - OPERATIONAL
PLAN THIRD QUARTER**

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a copy of the Operational Plan Third Quarter Performance Report for the period to March 2015.

Recommendation(s)

That the Audit Committee receives the report on the Operational Plan Performance Report to March 2015.

Resolution

Moved Ms Linda MacRae and seconded Cr Stephen Hart

That the Audit Committee receives the report on the Operational Plan Performance Report to March 2015

Carried

**AC152206-17 8.9 C - REPORTING RESPONSIBILITIES - COUNCIL PLAN
(INCLUDING STRATEGIC RESOURCE PLAN)**

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with details of the revised Council Plan 2013/2017 including the Strategic Resource Plan (SRP) 2015/16 to 2018/19.

Recommendation(s)

That the Audit Committee notes the report on the Council Plan (incl. Strategic Resource Plan).

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee notes the report on the Council Plan (incl. Strategic Resource Plan).

Carried

AC152206-18 8.10 A - OTHER - AUDIT COMMITTEE PLAN

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was for the Audit Committee to note the Audit Committee Plan for 2014/2015.

Recommendation(s)

That the Audit Committee notes the updated Audit Committee Plan for 2014/2015.

Resolution

Moved Cr Stephen Hart and seconded Ms Linda MacRae

That the Audit Committee notes the updated Audit Committee Plan for 2014/2015.

Carried

**AC152206-19 8.10 B - OTHER - BLUEWATER FITNESS CENTRE
REDEVELOPMENT**

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with a report on progress of the Bluewater Fitness Centre (BWFC) Redevelopment Project.

Recommendation(s)

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

Resolution

Moved Cr Stephen Hart and seconded Ms Linda MacRae

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

Carried

**AC152206-20 8.10 C - OTHER - LOCAL GOVERNMENT PERFORMANCE
REPORTING FRAMEWORK UPDATE**

AUTHOR:	Carmen Lawrence	ENDORSED:	Colin Hayman
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide the Audit Committee with an update on the organisation's readiness to commence the annual collection and reporting of the Local Government Performance Reporting Framework (LGPRF) data.

Recommendation(s)

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

Resolution

Moved Cr Stephen Hart and seconded Ms Linda MacRae

That the Audit Committee

- 1- Notes the report on the Local Government Performance Reporting Framework.***
- 2- Recommends to Council that the VAGO Agent tests the quality of systems in place for the non-financial auditable indicators.***
- 3- Notes with concern the ongoing impact on staff time involved in the Performance Reporting Framework and the sub optimal development of the Framework.***

Carried

AC152206-21

8.10 D - OTHER - RATE CAPPING

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide details of an interim submission on Rate Capping that has been forwarded to the Essential Services Commissioner (ESC).

Recommendation(s)

That the Audit Committee notes the report on Rate Capping.

Resolution

Moved Cr Michael Delahunty and seconded Cr Stephen Hart

That the Audit Committee:

- 1- Notes the report on Rate Capping.*
- 2- Notes that the submission has not been formally adopted by Council.*
- 3- Notes that the submission is publically available.*

Carried

AC152206-22

8.10 E - OTHER - COPACC UPDATE REPORT

AUTHOR:	Colin Hayman	ENDORSED:	Sue Wilkinson
DEPARTMENT:	Corporate & Community Services	FILE REF:	F14/6177

Purpose

The purpose of this report was to provide an update on Colac Otways Performing Arts and Cultural Centre (COPACC).

Recommendation(s)

That the Audit Committee notes the report on the COPACC Update.

Resolution

Moved Ms Linda MacRae and seconded Cr Michael Delahunty

That the Audit Committee notes the report on the COPACC Update.

Carried

MEETING WITH INTERNAL AUDITOR

As per clause 6.6.6 of the Audit Committee Charter:

"Provide an opportunity for the audit committee to meet with the internal auditor to discuss any matters that the audit committee or internal auditor believes should be discussed privately."

Noted to include an in camera meeting of the Audit Committee and the Internal Auditor on an annual basis in the Audit Committee Plan.

The members of the Audit Committee met with Martin Thomson of Crowe Horwath between 11.40 am and 11.55 am.

The Meeting Was Declared Closed at 11.55 am

MINUTES TO BE CONFIRMED at the meeting to be held on 2 SEPTEMBER 2015 AT 8.30 AM

