

Appendix 3

Audit Committee Update



Meeting held on Wednesday 23 May 2018 at 2:30pm
Meeting Room 1, Civic Centre – 115 Civic Parade, Altona

Voting Members:

David Ashmore Chair
David Gibbs (Item 4.3 onwards)
Rod Page
Cr Colleen Gates
Cr Sandra Wilson

Non-Voting Members:

Tammi Rose Interim Chief Executive Officer

In Attendance:

Diane Eyckens Acting Director Corporate Services
Hamish Munro Chief Financial Officer
David Hayden Financial Accountant
Leigh McCallum Manager Family, Youth and Children Services (Item 6.3)
Amanda Gaskill Acting Manager Governance and Local Laws (Item 7)
John Gavens Internal Auditor – Crowe Horwath
Lea Holwell Minutes

Apologies:

Cr Angela Altair Mayor

It was noted that an informal meeting was held prior to this meeting for members.

The Chairman welcomed all those present.

1. AUDIT COMMITTEE WORKPLAN

The Committee noted the report and agreed that review and approval of the Strategic Internal Audit Plan would be moved from May 2018 to August 2018.

Action Required	By
To update the Audit Committee Work Plan accordingly.	Lea Holwell

2. LEGISLATIVE COMPLIANCE

2.1 Conflicts of Interest

- Nil

3. CONFIRMATION OF MINUTES

Recommendation

That the Audit Committee minutes of 21 March 2018 be confirmed.

Moved: Cr Sandra Wilson

Seconded: Rod Page

4. CONTROL FRAMEWORK

4.1 Chief Executive Officer's Update

Tammi Rose (Interim Chief Executive Officer) provided updates in relation to Centralised and Annual Valuations; Internal Audit tender process and the appointment of Mr Aaron van Egmond to the position of Chief Executive Officer.

In response to a query from Audit Committee Chair David Ashmore in relation to non-compliant buildings within Hobsons Bay, Tammi Rose (Interim Chief Executive Officer) provided additional information in relation to any non-compliant and/or low risk buildings and will provide any supplementary information at the August Audit Committee meeting.

Recommendation

That the Audit Committee note the Interim Chief Executive Officer's update.

Moved: Cr Sandra Wilson

Seconded: David Ashmore

Action Required	By
Additional information in relation to any non-compliant and/or low risk buildings be provided at the August Audit Committee meeting.	Tammi Rose

4.2 Action Items

The Committee reviewed and noted the Action Item listing.

Action Required	By
To update the Action Items listing accordingly.	Lea Holwell

4.3 Outstanding Audit Recommendations

Detailed discussion was held in relation to the number of outstanding items on the list; realistic target dates for completion of items (including items where target date for completion had been pushed back); and the committee's request for more meaningful commentary to be provided in progress updates.

David Gibbs entered the meeting at 2:45pm.

The following was noted:

Item 2 – To be removed from outstanding audit recommendations register; however additional information in relation to the original Audit Recommendation (June 2014) be provided at the August 2018 Audit Committee Meeting.

Items 50 and 56 – To be removed from outstanding audit recommendations register; with further results in relation to penetration testing to be provided at the August 2018 Audit Committee Meeting.

The recommendations noted as completed and shaded green by management were reviewed and the committee agreed that the items could be removed from this report. Per directive above, Item 50 shall also be removed from the report.

Recommendation

That the Audit Committee note the status of the Outstanding Audit Recommendations.

Moved: Rod Page

Seconded: Cr Colleen Gates

Action Required	By
Remove items listed as complete from the Outstanding Audit Recommendations list.	Lea Holwell
Further context in relation to original audit recommendations of Item 2 (Risk Identification and Assessment Procedures) be provided at the August 2018 Audit Committee meeting.	Diane Eyckens
Further results in relation to penetration testing to be provided at the August 2018 Audit Committee meeting.	Diane Eyckens

5. EXTERNAL AUDIT

5.1 Audit Strategy 2017-2018

The final version Audit Strategy was tabled and discussed, with Cr Sandra Wilson seeking further explanation in relation to Appendix C: 'Accounting Standards on the Horizon'. David Hayden (Financial Accountant) undertook to provide further information at the August 2018 Audit committee meeting.

Recommendation

The Audit Committee note the final Audit Strategy.

Moved: Rod Page

Seconded: Cr Colleen Gates

Action Required	By
Provide further information at August meeting in relation to 'Accounting Standards on the Horizon' section of the External Audit Strategy.	David Hayden

5.2 Financial Report 2017-2018 update

Hamish Munro (Chief Financial Officer) tabled and spoke to the report.

Recommendation

The Audit Committee note the Financial Report 2017-2018 update.

Moved: Rod Page

Seconded: David Gibbs

Hamish Munro exited the meeting at 3:24pm.

6. INTERNAL AUDIT

6.1 Internal Audit Program Update

- Internal Audit Progress Report
- Recent Reports and Publications of Interest

John Gavens (Internal Auditor – Crowe Horwath) tabled and spoke to the reports.

In response to a query in relation to whether reports and publications from other states were included in the report; John Gavens (Internal Auditor – Crowe Horwath) confirmed and referenced the February 2018 ICAC report related to the NSW Public Sector.

Recommendation

That the Audit Committee notes the Internal Audit Progress Report and Recent Reports and Publications of Interest.

Moved: Rod Page

Seconded: David Gibbs

6.2 Internal Audit Program – Memorandums of Audit Planning (MAPs)

Tammi Rose (Interim Chief Executive Officer) sought feedback from Audit Committee members in relation to the proposed 2018/2019 audit schedule. Members noted their preference to add Contract Management as a recurrent item; this was noted by Tammi Rose.

Recommendation

That the Audit Committee approve the proposed 2018/19 audits in principle and note scopes to be drafted upon appointment of Internal Audit contract.

Moved: David Gibbs

Seconded: Cr Sandra Wilson

6.3 Internal Audit Program – Completed Reports

- **Data Analytics**

The report was presented by John Gavens (Internal Auditor – Crowe Horwath) and its findings and recommendations were reviewed and discussed by the committee. In relation to vendors with invalid ABN's, David Hayden (Financial Accountant) undertook to investigate the ability to verify ABN and to withhold payment on any invoices where ABN is not valid.

A management analysis of Data Analytics discrepancies and corrective actions will be prepared for the August 2018 Audit Committee meeting.

- **Contract Management**

The report was presented by John Gavens (Internal Auditor – Crowe Horwath). John acknowledged significant improvement in systems and training has been made in the area of Contract Management.

As noted in Item 6.2, members indicated their preference for Contract Management to be a reoccurring audit.

Leigh McCallum (Manager Family, Youth and Children Services) entered the meeting at 4:01pm.

- **Family Day Care**

The report was presented by John Gavens (Internal Auditor – Crowe Horwath) and its findings and recommendations were reviewed and discussed at length by the committee. Leigh McCallum (Manager Family, Youth and Children Services) welcomed the findings of the report with interest and reconfirmed that the target dates for completion were realistic and achievable.

Recommendation

That the Audit Committee notes the completed audits with the recommendations included in these reports to be included in the outstanding audit recommendations listing.

Moved: Rod Page

Seconded: David Gibbs

Diane Eyckens (Acting Director Corporate Services) exited the meeting at 4:22pm and re-entered the meeting at 4:23pm.

Cr Colleen Gates exited the meeting at 4:28pm.

Action Required	By
Recommendations from completed reports be included in the outstanding audit recommendations listing.	Lea Holwell
Investigate and report back on the ability to verify ABN's and to withhold payment on any invoices where ABN is not valid.	David Hayden
Management analysis of Data Analytics discrepancies and corrective actions to be prepared for the August 2018 Audit Committee meeting.	David Hayden

Leigh McCallum (Manager Family, Youth and Children Services) exited the meeting at 4:30pm.

Amanda Gaskill (Acting Manager Governance and Local Laws) entered the meeting at 4:31pm.

7. RISK MANAGEMENT

7.1 Risk Management Update

Amanda Gaskill (Acting Manager Governance and Local Laws) tabled and spoke to the report. In response to queries from committee members, the following information will be provided at the August 2018 Audit Committee meeting:

- Demonstrated evidence of any data penetrations that were not blocked

- Clarification around whether the current Cyber Security insurance policy covers 'phishing'
- Clarification as to whether there is an age limit on voluntary workers insurance coverage

Cr Colleen Gates re-entered the meeting at 4:40pm.

David Ashmore exited the meeting at 4:40pm and re-entered the meeting at 4:42pm.

Action Required	By
Demonstrated evidence of any data penetrations that were not blocked.	Diane Eyckens
Clarification around whether the current Cyber Security insurance policy covers 'phishing'.	Diane Eyckens
Clarification as to whether there is an age limit on voluntary workers insurance coverage.	Diane Eyckens

Recommendation

That the Audit Committee notes the Risk Management Update.

Moved: Rod Page

Seconded: David Gibbs

Amanda Gaskill (Acting Manager Governance and Local Laws) exited the meeting at 4:46pm.

8. LEGISLATIVE COMPLIANCE

No items listed.

9. EXTERNAL ACCOUNTABILITY

9.1 Quarterly Financial Report

The report was presented by David Hayden (Financial Accountant) and was discussed by the committee.

Recommendation

That the Audit Committee notes the quarterly financial report for the period ended 31 March 2018.

Moved: David Gibbs

Seconded: David Gibbs

John Gavens (Internal Auditor – Crowe Horwath) departed the meeting at 5:11pm.

Rod Page exited the meeting at 5:13pm and re-entered the meeting at 5:15pm.

9.2 Cash and Investment Balances

The report was presented by David Hayden (Financial Accountant) and was discussed by the committee.

Recommendation

That the Audit Committee notes the cash and investment balances as at 30 April 2018.

Moved: Rod Page

Seconded: David Gibbs

10. OTHER BUSINESS

Members unanimously agreed to reschedule the November Audit Committee meeting from 7 November 2018 to 31 October 2018.

Members requested that a link to the Hobsons Bay City Council Enterprise Digital Strategy be made available.

Please see link to the strategy:

<https://participate.hobsonsbay.vic.gov.au/digital-strategy>

11. NEXT MEETING

The next meeting will be held on 29 August 2018.

The meeting closed at 5:27 pm.