

## **7.6 Recommendations of the Audit Committee Meeting held on 22 August 2018**

### **Abstract**

Council's Audit Committee held its most recent meeting on 22 August 2018. This report presents the recommendations of that Audit Committee meeting for consideration by Council. A schedule of reports and committee recommendations is presented as an attachment to this report.

### **Officers' recommendation**

That Council resolve to adopt the resolutions recommended to Council contained in Attachment 1 (as annexed to the minutes) reflecting the recommendations from the Audit Committee meeting held on 22 August 2018.

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**Responsible director: Marilyn Kearney**  
**Director Customer Experience and Business Transformation**

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## 1. Purpose

To present to Council the recommendations of the Audit Committee meeting held on 22 August 2018. A schedule of reports and committee recommendations is presented as an attachment to this report.

## 2. Policy implications and relevance to community plan and council plan

The Audit Committee Charter provides that recommendations of the Audit Committee are not binding until considered and adopted by Council.

As detailed in the Council Plan 2017-21 and the Boroondara Public Health and Wellbeing Plan. In particular, the Council Plan theme of Responsible management, which includes the following:

Financial management - Ensure sound governance practices financial management processes, budget systems and valuation practices in accordance with professional standards and legislative requirements.

Governance - Ensure Council is open, transparent, inclusive, and accountable to the community through sound governance practices for making implementing decisions.

## 3. Background

This report aims to summarise the issues considered at the Audit Committee meeting held on 22 August 2018. The report is also intended to identify those matters requiring Council resolution and adoption and those matters that are presented to be "received and noted".

Full copies of papers presented to the Audit Committee can be accessed by Councillors via the Councillor Portal. Assistance in locating these papers can be provided by the Governance unit.

## 4. Outline of key issues/options

As recorded in the minutes of the Audit Committee meeting held on 23 May 2018.

- A4.1 Standard Questions for Tabling at the Audit Committee Meetings
- A4.2 Audit Committee Administrative Matters
- A4.3 Update on the activities of the Fraud Control Group 2017-18.
- A4.4 Reports to Parliament by Victorian Auditor-General's Office and other regulatory bodies
- A4.5 Annual Report Management of Health, Safety and Wellbeing
- A4.6 Major Project Management - North East Community Hub Project - Internal Audit Report

- A4.7 Business Arising
- A4.8 Outcomes from 2017-18 External IT Security Testing
- A4.9 Legal and Ethical Certification Program
- A4.10 Internal Audit Update August 2018
- A4.11 Property Management for Council Properties Leased and Licences to Third Parties - Internal Audit Report
- A4.12 Annual Financial Statements and Performance Statement for the year ended 30 June 2018

A summary of the content of the reports tabled and identification of the required Council action is contained in **Attachment 1**.

## **5. Consultation/communication**

Not applicable.

## **6. Financial and resource implications**

Council's operating budget provides funds for the Internal Audit Program and for implementation costs associated with these Audit recommendations.

## **7. Governance issues**

Officers involved in the preparation of this report have no conflict of interest. The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

## **8. Social and environmental issues**

The contents of this report are consistent with Council's desire to provide solid financial and governance frameworks to support the enhancement of urban environmental and social amenity.

## **9. Conclusion**

This report presents to Council the recommendations of the Audit Committee meeting held on 22 August 2018.

**Manager and report officer:** Chris Hurley, Commercial and Property Services

**Summary of reports tabled at Audit Committee meeting held  
22 August 2018**

<b>Report No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Matters Arising</b>	<b>Recommended Council Resolution</b>
A4.1	Standard Questions for Tabling at the Audit Committee meetings	<p>Audit Committee Members were given the opportunity to:</p> <ol style="list-style-type: none"> <li>1. Ask Auditors present, if their work had been obstructed in any way. Auditors present responded that no obstructions had been experienced.</li> <li>2. Ask if there were any matters such as breach of legislation or practices that need to be brought to the attention of the Audit Committee. None were identified.</li> <li>3. Request a discussion of any matter with the Auditors in the absence of management and other staff. No matters were identified.</li> </ol>	Nil	Council note the responses of Officers, Auditors and Members, to the standard questions outlined in this report.
A4.2	Audit Committee Administrative Matters	<ol style="list-style-type: none"> <li>1. The Audit Committee noted that the recommendations from the previous Audit Committee meeting of 23 May 2018 had been reviewed and endorsed by Council at the Council meeting held 25 June 2018. The appropriate Council report and minute was provided to the Audit Committee.</li> <li>2. The Audit Committee reviewed progress against the 2018-19 Audit Committee Annual Plan noting that all required activities to date have been completed.</li> </ol>	Nil	Council receive and note the report.

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		<p>3. The Audit Committee was updated on the progress of the June 2018 Quarterly Performance Report (QPR).</p> <p>4. The Audit Committee reviewed the minutes of the Business Enterprise Risk Committee (BERC).</p> <p>5. The Audit Committee advised insurance arrangements are in place.</p> <p>6. The Audit Committee was updated on the Councillor and Staff Gift Declarations.</p>		
A4.3	Update on the activities of the Fraud Control Group 2017-18	This report updated the Audit committee on the activities of the Fraud Control Group during the 2017-18 financial year. The activities conducted in 2017-18 are believed to have had a positive impact in raising awareness of fraud control responsibilities across the wider management group and enabled managers to have informed discussions with their staff. The Group will continue to be active during the 2018-19 financial year.	Nil	Council receive and note the report.
4.4	Reports to Parliament by the Victorian Auditor-General's Office and other regulatory bodies	This report updated the Audit Committee on reports presented to State Parliament by VAGO and other regulatory bodies that have a local government impact or context. The report noted that since the last Audit Committee meeting, at the	Nil	Council receive and note the report.

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		<p>time of writing, no reports had been presented to State Parliament. Officers reviewed the contents of the VAGO has however tabled its Annual Plan 2018-19. This plan contains the following proposed audit reviews within the local government sector:</p> <ul style="list-style-type: none"> <li>• Delivering local government services.</li> <li>• Asset management and compliance.</li> <li>• Outcomes of investing in regional Victoria.</li> <li>• Reporting on local government performance.</li> </ul>		
A4.5	Annual Report Management of Health, Safety and Wellbeing	This report updated the Audit Committee on the management of Health, Safety and Wellbeing during the 2017-18 year. The Audit Committee noted the range of measures that had been implemented in accordance with Council's OHS Strategic Plan 2015-18 and commended management on the actions taken.	Nil	Council receive and note the report.
4.6	Major Project Management - North East Community Hub Project - Internal Audit Report	This report updated the Audit Committee on the outcomes of the review conducted by Internal Audit of progress of the North East Community Hub Project Review. The review was conducted in accordance with the 2017-18 Internal Audit Plan. No High risk	1. Officers to update Cr Hollingsworth 'off line' on actions undertaken to advocate for improved north south bus transport connections as signalled in the North East Precinct Community Plan.	Council receive and note the report.

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		issues have been identified. From a process maturity perspective the report has assigned an "established" rating to processes reviewed during the review and assessed the overall risk exposure as 'moderate'. The report provides one formal recommendation for management to establish formal definitions of how project risks should be reported to a Project Control Group (PCG). Management agreed with the findings and recommendations and will implement them by the agreed dates.		
A4.7	Business Arising	This report updated the Audit Committee on matters raised at previous meetings and provided follow up information on queries raised by Committee members. The Committee noted the actions taken in response to matters arising from the minutes of the previous meeting.	Nil	Council note the actions taken in response to matters arising from the minutes of previous meetings as outlined in Attachment 1 (as annexed to the Audit Committee minutes).
A4.8	Outcomes from 2017-18 External IT Security Testing	This report updated the Audit Committee on the results of the IT Security Testing undertaken in April 2018. The testing focused on systems and services that are either internally or externally accessible by Council personnel and/or Customers.	<ol style="list-style-type: none"> <li>1. Chief Information Officer to confirm the number of high risk findings from the 2016-2017 External IT Security Testing Report.</li> <li>2. Chief Information Officer to present future report to the Audit Committee advising the desired maturity level in relation</li> </ol>	Council receive and note the report.

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			to IT Security, the current state assessment and plans and timelines to achieve desired level.	
4.9	Legal and Ethical Certification Program	This report updated the Audit Committee on the outcomes of the Legal and Ethical Compliance Program. The Legal and Ethical Compliance program requires staff to formally attest that legislative and ethical requirements have been met. The Legal and Ethical Compliance Program assists staff in remaining alert to their legislative duties and obligations and provides a mechanism to demonstrate compliance with high ethical standards.	Nil	Council receive and note the report.
A4.10	Internal Audit Update August 2018	This report updated the Audit Committee on the 2017-18 and 2018-19 Internal Audit Plan and provided a status report on the implementation of recommendations from prior Internal Audit reports.	Nil	Council receive and note the report.
A4.11	Property Management for Council Properties Leased and Licences to Third parties - Internal Audit Report	This report updated the Audit Committee on the outcomes of the review conducted by Internal Audit of progress of the Property Management for Council Properties Review. The review was conducted in accordance with the 2017-18 Internal Audit Plan. No High risk issues have been identified. From a process maturity perspective the	Nil	Council receive and note the report.

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		<p>report has assigned an "established" rating to processes reviewed during the review and assessed the overall risk exposure as 'moderate'. The report recommends management review and enhance the level of documentation presented to the Building and Property Working Group for centralised decision-making, the use of competitive market testing where appropriate, the use of corporate systems for administrations and the use of standard templates based on external legal advice. Management agreed with the findings and recommendations and will implement them by the agreed dates.</p>		
A4.12	Annual Financial Statements and Performance Statement for the year ended 30 June 2018	The matters pertaining to this report were separately dealt with by Council at the Council meeting held on 27 August 2018.	<ol style="list-style-type: none"> <li>1. Chief Financial Officer to update the Committee on the value of the asset base counted during stocktakes referenced in the Officer report.</li> <li>2. Minor amendments made to language throughout the statements for consistency.</li> <li>3. Chief Financial Officer to clarify disclosures in note 4.7 Commitments related to information systems technology and 'other'.</li> </ol>	That Council note the recommendations of the Audit Committee pertaining to report A.4.12 were dealt with by Council at the Council meeting held on 27 August 2018.

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			4. The Chief Financial Officer to clarify the effective dates of item 1 and 2 on page 319.	