

## **7 Presentation of officer reports**

### **7.1 Recommendations of the Audit Committee Meeting held 21 August 2019**

#### **Abstract**

Council's Audit Committee held its most recent meeting on 21 August 2019. 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 21 August 2019.

---

**Responsible director: Bruce Dobson**  
**Customer Experience and Business Transformation**

---

## **1. Purpose**

To present to Council the recommendations of the Audit Committee meeting held on 21 August 2019. 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 Community Plan 2017-27. In particular Objective 7 “Ensure that ethical financial and socially responsible decision making reflects community needs and is based on principles of accountability, transparency, responsiveness and consultation”.

Strategy 7.2: Ensure transparent decision making through open governance processes.

Strategy 7.5: Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs

## **3. Background**

This report aims to summarise the issues considered at the Audit Committee meeting held on 21 August 2019. 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 21 August 2019.

- A4.1 Standard Questions for Tabling at the Audit Committee Meetings
- A4.2 Business Arising
- A4.3 Annual Report Management of Health, Safety and Wellbeing
- A4.4 General and Supplementary Rates Review - Internal Audit Report
- A4.5 Internal Audit Update August 2019
- A4.6 Update on the activities of the Fraud Control Group 2018-19
- A4.7 Reports to Parliament by Victorian Auditor-General’s Office and other regulatory bodies
- A4.8 Audit Committee Administrative Matters
- A4.9 Security Target State Maturity and Roadmap
- A4.10 Legal and Ethical Certification

A4.11 Annual Financial Statements and Performance Statement for the year ended 30 June 2019

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 21 August 2019.

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

**Summary of reports tabled at Audit Committee meeting held  
21 August 2019**

<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	Audit Committee Members were given the opportunity to: 1. Ask Auditors present, if their work had been obstructed in any way. Auditors present responded that no obstructions had been experienced. 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. 3. Request a discussion of any matter with the Auditors in the absence of management and other staff. The Audit Committee held a discussion in the absence of management and other staff.	Nil	Council note the responses of Officers, Auditors and Members, to the standard questions outlined in this report.
A4.2	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).
A4.3	Annual Report Management of Health, Safety and Wellbeing	This report updated the Audit Committee on the management of Health, Safety and Wellbeing during the 2018-19 year. The Audit Committee noted the range of measures that had been	<ul style="list-style-type: none"> <li>The Acting Executive Manager People, Culture and Development to confirm the number of WorkCover notifiable incidents in 2018-2019 and any improvement actions.</li> </ul>	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held  
21 August 2019**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		implemented in accordance with Council's OHS Strategic Plan 2015-18. Development of the HSW Strategic Plan 2019-22 is well underway following extensive consultation, and will be presented in 2019 for Executive Leadership Team endorsement.		
A4.4	General and Supplementary Rates Review- Internal Audit Report	<p>This report updated the Audit Committee on the Internal Audit review of Council's general and supplementary rates management practices, processes and key controls. The review was conducted in accordance with the Strategic Internal Audit Plan. The internal audit report identifies a number of strengths in current processes. Two recommendations have been provided to further enhance the process focussing on improvements to improve accountability.</p> <p>Management agreed with the findings and recommendations and will implement them by the agreed dates.</p>	Nil	Council receive and note the report.
A4.5	Internal Audit Update August 2019	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.	<ul style="list-style-type: none"> <li>• The Audit Committee noted the high clearance rate of open items and commended management.</li> </ul>	Council receive and note the report

**Summary of reports tabled at Audit Committee meeting held  
21 August 2019**

<b>Report No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Matters Arising</b>	<b>Recommended Council Resolution</b>
A4.6	Update on the activities of the Fraud Control Group 2018-19	This report updated the Audit Committee on the activities of the Fraud Control Group during the 2018-19 financial year. The activities conducted in 2018-19 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 2019-20 financial year.	Future annual reports by the Fraud Control Group will include the metrics used to measure the success of the group's activities.	Council receive and note the report.
A4.7	Reports to Parliament by 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. Officers reviewed the contents of the VAGO reports 'Fraud and Corruption Control - Part 2', 'Reporting on Local Government Performance', 'Local Government Assets: Asset Management and Compliance' and IBAC report - Local Government Integrity Frameworks Review' and updated the Audit Committee on any required changes to Council's processes.	Nil	Council receive and note the report.
A4.8	Audit Committee Administrative Matters	1. The Audit Committee noted that the recommendations from the previous Audit Committee meeting of 15 May 2019 had	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held  
21 August 2019**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		<p>been reviewed and endorsed by Council at the Council meeting held 29 April 2019. The appropriate Council report was provided to the Audit Committee.</p> <ol style="list-style-type: none"> <li>2. The Audit Committee reviewed progress against the 2019-20 Audit Committee Annual Plan noting that all required activities to date have been completed.</li> <li>3. The Audit Committee was updated on the progress of the June 2019 Quarterly Performance Report (QPR).</li> <li>4. The Audit Committee was advised the minutes of the Business Enterprise Risk Committee (BERC) 14 August 2019 will be presented for the information for the Committee at the November 2019 meeting.</li> <li>5. The Audit Committee advised insurance arrangements are in place for the 2019-20 year.</li> <li>6. The Audit Committee was updated on the Councillor and Staff Gift Declarations.</li> </ol>		
A4.9	Security Target State Maturity and Roadmap	This report updated the Audit Committee on the Information Security Maturity and Risk Review. This review benchmarked Council's information security management practices against the <i>ISO</i>	<ul style="list-style-type: none"> <li>• The Chief Information Officer to present to the Audit Committee in March 2020 details of a proposed security matrix and measures which will be introduced into Council to</li> </ul>	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held  
21 August 2019**

Report No	Report Title	Summary of Content	Matters Arising	Recommended Council Resolution
		<p><i>27001:2015 Information Security Management Standard</i> to determine how Council compared to this standard and the key areas for improvement.</p> <p>Council has not identified any security domains that require the highest level of maturity (i.e. "Optimised") over the next three years but this position will be reviewed to align with changes that come into effect through internal or external factors.</p>	<p>evaluate the effectiveness of information security controls.</p>	
A4.10	<p>Legal and Ethical Certification Program 2018/19</p>	<p>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.</p>	<p>Nil</p>	<p>Council receive and note the report.</p>
A4.11	<p>Annual Financial Statements and Performance Statement for the year ended 30 June 2019</p>	<p>The matters pertaining to this report were separately dealt with by Council at the Council meeting held on Monday 26 August 2019.</p>	<ul style="list-style-type: none"> <li>• Audit Committee to receive briefing at a future meeting on the Financial Sustainability Measures contained in the Long Term Financial Strategy.</li> </ul>	<p>That Council note the recommendations of the Audit Committee pertaining to report A4.11 were dealt with by Council at the Council meeting held on Monday 26 August 2019.</p>