

## **3.2 Recommendations of the Audit Committee Meeting held 13 November 2019**

### **Abstract**

Council's Audit Committee held its most recent meeting on 13 November 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 the Services Special Committee 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 13 November 2019.

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

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## **1. Purpose**

To present to Council the recommendations of the Audit Committee meeting held on 13 November 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 13 November 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 13 November 2019.

- A4.1 Standard Questions for Tabling at the Audit Committee Meetings
- A4.2 Business Arising
- A4.3 Environment Health (Food Premises) - Internal Audit Review
- A4.4 Local Laws Enforcement - Internal Audit Report
- A4.5 Reports to Parliament by Victorian Auditor-General’s Office and other regulatory bodies
- A4.6 Internal Audit Update August 2019
- A4.7 Audit Committee Administrative Matters
- A4.8 Year-end update and Audit Closing Report for the year ended 30 June 2019
- A4.9 Risk Management Update November 2019

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

In addition to the above reports, under General Business the following were discussed and noted.

**GB1 Appreciation to Alex Klos**

On behalf of the Audit Committee, the Chair, Mayor and Chief Executive Officer expressed their appreciation to Mr Alex Klos for his commitment and contribution over the term of his committee membership and wished him well in his future endeavours.

**GB2 Process Review - Report Format**

The Audit Committee noted a discussion will be scheduled to be held at the March 2020 Audit Committee meeting to consider possible changes to the format of reports presented to the Committee.

**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 13 November 2019.

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

**Summary of reports tabled at Audit Committee meeting held  
13 November 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: <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. The Audit Committee held a discussion in the absence of management and other staff.</li> </ol>	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	Environment Health (Food Premises) - Internal Audit Review	This report updated the Audit Committee on the outcomes of the Internal Audit review of Council's Environmental Health practices, processes and key controls. The review was conducted in	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held  
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<b>Report No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Matters Arising</b>	<b>Recommended Council Resolution</b>
		<p>accordance with the Council adopted Strategic Internal Audit Plan.</p> <p>The internal audit report identifies a number of strong control procedures are in place. Five Medium and Low recommendations have been provided to enhance processes and reporting.</p> <p>Management agreed with the findings and recommendations and will implement them by the agreed dates.</p>		
A4.4	Local Laws Enforcement- Internal Audit Report	<p>This report updated the Audit Committee on the Internal Audit review of Council’s Local Law Enforcement practices. The report assigned a risk rating of ‘moderate’ and has subjectively determined a maturity level for the process as ‘Established’. The review was conducted in accordance with the Strategic Internal Audit Plan.</p> <p>The internal audit assessed the systems and processes that allow for public reporting, investigation, enforcement and appeal of Local Law infringements. Two Medium recommendations have been provided to enhance processes and reporting focussing on restructure of process and system configuration, and process compliance monitoring and reporting.</p>	<p><i>Management agreed to provide the Audit Committee with:</i></p> <ol style="list-style-type: none"> <li><i>1. A breakdown of Local Laws Infringements issued and withdrawn by category of Infringement.</i></li> <li><i>2. Information on Infringement Reviews conducted proactively compared to reactively.</i></li> </ol>	Council receive and note the report.

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<b>Report No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Matters Arising</b>	<b>Recommended Council Resolution</b>
		Management agreed with the findings and recommendations and will implement them by the agreed dates.		
A4.5	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. The report noted that since the last Audit Committee meeting, at the time of writing, no reports had been presented to State Parliament. VAGO has however tabled its Annual Plan 2019-20. This plan contains the following proposed audit reviews within the local government sector: <ul style="list-style-type: none"> <li>• Council libraries.</li> <li>• Council waste management services.</li> <li>• Maintaining local roads</li> <li>• Parks and open space management.</li> </ul>	Nil	Council receive and note the report.
A4.6	Internal Audit Update November 2019	This report updated the Audit Committee on the 2019-20 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
A4.7	Audit Committee Administrative Matters	1. The Audit Committee noted that the recommendations from the previous Audit Committee meeting of 21 August 2019 had	Nil	Council receive and note the report.

**Summary of reports tabled at Audit Committee meeting held  
13 November 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 23 September 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 September 2019 Quarterly Performance Report (QPR).</li> <li>4. The Audit Committee reviewed the minutes of the Business Enterprise Risk Committee (BERC) 14 August 2019</li> <li>5. The Audit Committee was provided with a copy of the Chair's annual address to Council which took place on Monday 28 October 2019.</li> </ol>		
A4.8	Year-end update and Audit Closing Report for the year ended 30 June 2019	This report updated the Audit Committee on events in relation to the year-end audit of council's Annual Financial Statements and Performance Statement for the year ended 30 June 2019. The report noted that audit clearance was received from the Victorian Auditor-General and a copy of the final audit certification was tabled.	Nil	Council receive and note the report.

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<b>Report No</b>	<b>Report Title</b>	<b>Summary of Content</b>	<b>Matters Arising</b>	<b>Recommended Council Resolution</b>
A4.9	Risk Management Update November 2019	This report updated the Audit Committee on: <ol style="list-style-type: none"> <li>1. Council's Strategic Risks and the outcomes of recent review of Controls and Risk Ratings</li> <li>2. Progress of completion of items contained in the Risk Management Framework Action Plans.</li> <li>3. Work undertaken to develop a draft Risk Appetite Statement.</li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Management accepted the offer of further guidance material from Ms Claire Filson and the internal auditors and will finalise the Risk Appetite Statements for presentation to Council for consideration and formal adoption.</i></li> <li>2. <i>Management agreed to provide the Audit Committee with the outcomes of the organisational culture survey due to be conducted in November/December 2019 at the earliest opportunity.</i></li> </ol>	Council receive and note the report.