



Minutes

Audit Committee Meeting

Tuesday 3 July 2012 at 3:30pm

Queenscliff Town Hall
50 Learmonth Street, Queenscliff

Distribution

Members

Mr. Richard Bull
Mr. Roland 'Barney' Orchard
Mr. David Shaw
Mr. Graeme Phipps
Cr. Bob Merriman
Cr. John Burgess

Officers

Lenny Jenner - Chief Executive Officer
Ev Wuchatsch - General Manager Governance & Community
Allison Chaloner, Senior Accountant

Invitees

Mr Warwick Spargo – RSM Bird Cameron (Internal Audit – Engagement Partner)
Mr. Scott Campbell – RSM Bird Cameron (Internal Audit – Engagement Senior Manager)
Mr. Martin Thompson of Crowe Horwarth



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1. OPENING OF MEETING

3:30pm

2. PRESENT & APOLOGIES

Apology – Mr. David Shaw

3. AUDIT COMMITTEE MEMBERSHIP & ELECTION OF CHAIR

New Audit Committee Member – Mr. Graeme Phipps, was welcomed.

Mayor, took the chair and called for nominations for Chair.

Barry Orchard nominated himself and was voted in.

Acknowledgment of Richard Bull's chairmanship – Richard thanked for the years he has provided Chairmanship of the committee.

Acknowledgment of Barry Capp – vote of thanks to Barry for his term on the committee.

4. PECUNIARY INTEREST & CONFLICT OF INTEREST DISCLOSURES

Councillors: Nil

Officers: Nil

5. AUDIT COMMITTEE MEETING – 12 DECEMBER 2011

**5.1. Confirmation of Minutes
(Appendix 1)**

Moved: Cr John Burgess / Seconded: Richard Bull

That the Minutes of the Audit Committee Meeting held on Monday 12 December 2011 be confirmed.

Carried



5.2 Business Arising from Audit Committee Meeting – 12 December 2011

Item 5.2. Victorian Auditor-General's Report November 2011: Results of the 2011-11 Audits

Recommendation moved 12 December 2011:

That the Audit Committee seeks the Councillor's opinions as to the use and issues (as a benchmarking tool) that were identified in the VAGO report.

Officer comment:

Benchmarking information is provided to Councillors in the briefings that form part of the annual budget discussions and are also provided to the community as part of the draft budget presentations to the public each year. Refer **Appendix 9** for the slides from the presentation.

Comment from Councillors that there is balanced use of benchmarking. VAGO provides some analysis but more substantial benchmarking statistics are provided by officers in the lead up to budget preparation each year.

Item 6.2. Internal Audit Report – Corporate Governance

Recommendations moved 12 December 2011:

- (i) That the Audit Committee request feedback regarding 6.2, Item 3.6, relating to the CEO Performance Review.
- (ii) That Item 3.4 be expanded to incorporate a signing of the Code of Conduct by staff periodically at the discretion of the CEO.
- (iii) That Officers provide a self-assessment checklist to Audit Committee members to be returned via the Internal Auditor and reported at the next Audit Committee Meeting.

Officer comment:

- (i) Best Practice guidelines will be provided to Councillors prior to the next CEO performance review in July 2012.
- (ii) All staff of the Borough have now signed as confirmation that the Code of Conduct has been received and understood.
- (iii) A self-assessment questionnaire was issued to Audit Committee members, five responses were received and these have been reviewed by the Internal Auditor. Refer **Appendix 4**.

Item 6.5. Call for Expressions of Interest for the Provision of Internal Audit Services

Recommendations moved 12 December 2011:

- (i) That David Shaw be nominated to participate in the tender evaluation panel.
- (ii) That the May 2012 Audit Review process include the Caravan Parks revenue processes.

Officer comment:

- (i) The tender evaluation panel, with respect to the provision of internal audit services, comprised the General Manager Governance & Community, Senior Accountant and Audit Committee Member Mr. David Shaw. RSM Bird Cameron was appointed as Council's new internal auditor.



(ii) The Internal Auditor has recently completed a review of Caravan Park revenue processes. No high risk issues were identified. Refer Confidential Audit Committee Agenda for further details.

Item 12. General Business

Recommendation moved 12 December 2011:

That at the next Audit Committee Meeting the timing of meetings be considered.

Officer comment:

Timing of Audit Committee meetings is arranged around the timing of internal, external and insurance audits and in line with Annual Report legislative requirements. The September meeting of the Audit Committee considers the external audit and annual report, both the June and December meetings of the Audit Committee consider internal audit reports (from reviews conducted in May and October each year) and the December meeting of the Audit Committee also considers insurance audit reports (from reviews conducted in November of each year).

Discussion and request from Mr David Shaw (not minuted):

That the Chief Executive Officer provide further information in relation to depreciation and the long term asset replacement reserve.

Officer comment:

It is recommended that this matter is deferred to the next meeting of the Audit Committee in September 2012, at which time the General Manager Governance & Community will provide information and a presentation.

6. INTERNAL AUDIT

6.1 Internal audit report received

Council's new internal auditors, RSM Bird Cameron, conducted an internal audit in May 2012. Officers have since received and provided management comment, where appropriate, in response to the internal audit recommendations. Refer **Appendix 2**.

The audit topics reviewed by the internal auditors, in accordance with the list of audit topics previously agreed by the Audit Committee, specifically include:

- Creditor payments including corporate cards;
- Taxation compliance;
- Ongoing review of risk management;
- Status of outstanding actions from previous internal audit reports; and
- One confidential report (included in the Audit Committee Confidential Agenda).

There are eight areas of risk in which opportunities for improvement have been identified by the internal auditor, of which three are considered medium risk and five are of low risk. No high risk issues were identified. The audit also identified one additional opportunity for improvement, which does not carry a risk rating, in relation to the preparation of a risk management plan.



Council officers accept that all recommendations within the eight areas of risk identified by the internal auditor should be implemented, as well as the additional recommendation in relation to the preparation of a risk management plan. A timeframe for completion of all the audit recommendations is included within the management response to the internal audit report.

Of the 19 outstanding actions from previous internal audit reports, the most recent internal audit conducted in May 2012 has verified that 12 items are now completed and seven are in progress.

Of the seven items in progress, it is recommended that two be considered complete - items 9 and 10. This recommendation is on the basis that no further resources will be allocated to the items and that the risk profile is low. Both the Risk Management Committee and the Internal Auditor recommend that Council accept these items as complete and allow their removal from the list of outstanding actions.

Should this recommendation be endorsed by Council, the list of outstanding actions will be reduced to five, with the most recent audit recommendations from May 2012 to be added to this list for reporting through to the Audit Committee meeting scheduled for December 2012.

Moved: Richard Bull / Seconded: Cr Bob Merriman

That

- a) The internal audit report, including management comment, be accepted.**
- b) The twelve green shaded items, reported on the list of outstanding actions, be removed as complete.**
- c) Items 9 and 10 be considered complete, as no further action will take place, and that they be removed from the list of outstanding actions.**

Carried



6.2 Scope for next internal audit review due October 2012

RSM Bird Cameron has considered the program of audit topics (previously agreed with Council's Audit Committee) and prepared documentation in relation to the scope of the next internal audit review to be conducted in October 2012. Refer **Appendix 3**.

Topics to be audited include:

- Payroll
- Insurance
- Local Laws
- Ongoing review of risk management; and
- Status of outstanding actions from previous internal audit reports.

Moved: Cr Bob Merriman / Seconded: Cr John Burgess

That the Audit Committee confirms

- a) The above list of topics will be the subject of the next internal audit review.**
- b) The scope prepared by the internal auditor meets Council's internal audit requirements, noting that further detail regarding the scope of the insurance audit will be provided to the September Audit Committee meeting.**

Carried

6.3 Audit Committee self-assessment questionnaire

As requested at the last Audit Committee meeting, officers recently prepared an Audit Committee self-assessment questionnaire for distribution to members of the Audit Committee. This questionnaire was produced using examples from other Council and a Health organisation.

Questions were arranged into the following specific areas of interest:

- Size and membership of the Audit Committee (skills and experience)
- Role and responsibilities of the Audit Committee (in relation to the Charter)
- Recruitment, induction and development of members of the Audit Committee, coupled with succession planning and rotation of Chair
- Timing, administration and conduct of Audit Committee meetings
- Scope of work considered by the Audit Committee (considers fraud, risk management, internal controls, financial and performance reporting)
- The level of support provided to the Audit Committee by Council officers
- Liaison between the Audit Committee and Council's internal auditors
- Liaison between the Audit Committee and Council's external auditors

A rating scale was applied, to record each member's view of the Audit Committee's effectiveness in meeting its responsibilities. Provision was also made for additional comments from members.



Responses were received from all five Audit Committee members to whom the questionnaire was distributed. (Note the questionnaire was not provided to the newly recruited independent member or the outgoing independent member). The responses were collated by officers and provided, along with the completed questionnaires, to the internal auditor for review. Refer **Appendix 4**.

Moved: Graeme Phipps / Seconded: Richard Bull

That

- a) Defer consideration of this report and conduct a discussion of this item at the September 2012 Audit Committee meeting.**
- b) Officers update the Audit Committee Charter to include reference to rotation of the Chair.**
- c) The Audit Committee participate in the preparation of a more comprehensive report to be included in Council's published Annual Report, detailing the activities undertaken by the Audit Committee in the financial year.**

Carried



7. EXTERNAL AUDIT

7.1. Year end interim audit

Council's external auditor, Crowe Horwarth, conducted an interim audit for the 2011/12 year-end accounts in April 2012. Due to the impending year end audit (and the postponement of this Audit committee meeting to July 2012), all matters identified in the audit will be dealt with in the final audit which will take place in July and be presented at the September Audit Committee meeting.

Note: The Audit Committee discussed the potential implication of the Defined Superannuation liability. The outcome of the actuarial review is not expected to be advised to Councils until the end of July 2012. The increase in liability will be reported in the 2012/13 accounts, with payment not due until 1 July 2013. Payment options will be made available to Councils

7.2. VAGO Letter– Better practice results for financial report preparation

The Victorian Auditor-General's Office (VAGO) tabled a report in Parliament on 23 November 2011, titled *Local Government: Results of the 2010-11 Audits*. This report was summarized by Council officers and included in the agenda of the Ordinary Council Meeting 21 December 2011. VAGO has since written to each Council, dated 30 March 2012, providing information on Council's performance against set criteria for financial report preparation for the 2010/11 financial year. Refer **Appendix 5**. VAGO put a questionnaire to its audit contractors, seeking feedback on the 2010/11 financial report audits. The resulting information was to be provided to Councils to assist in planning and preparing for the 2011/12 financial year end reporting

Moved: Cr Bob Merriman / Seconded: Richard Bull:

That the VAGO letter, indicating better practice results for Council's financial report preparation, be received and await the response to the CEO's letter to the Auditor General.

Carried

Moved: Richard Bull / Seconded: Graeme Phipps

That an action plan be prepared by officers, following the final audit visit in July, to address any issues which remain outstanding at that time.

Carried



7.3 VAGO Report – Performance Reporting by Local Government

The Victorian Auditor-General's Office (VAGO) tabled this report with Parliament on 18 April 2012.

A full copy of the report is available by accessing the following web link:

<http://www.audit.vic.gov.au/publications/20120418-LG-Reporting/20120418-LG-Reporting.pdf>

Background

The Council Plan informs the annual budget process, and it is the set of objectives and target dates set out in the Council Plan which feeds into the Performance Statement, which is then audited and certified and included within the annual report of Council.

Performance reporting referred to and addressed in the VAGO report relates to a range of performance indicators (financial and many non-financial) as identified in Council's "Performance Statement" which is an audited statement required under the Act. See **Appendix 6** for the Performance Statement which was part of the Borough of Queenscliffe 2010/11 Annual Report.

This audit assessed the effectiveness of existing local government performance reporting arrangements, and the adequacy of State-wide initiatives to reform local government performance reporting. Ten Victorian councils were assessed within this audit. The Borough of Queenscliffe was **not** one of the ten councils audited.

Findings, with respect to the ten councils examined by VAGO

- Recurring themes of: ineffective planning and budgeting; inadequate implementation of initiatives and adherence to policies and procedures; weak oversight and monitoring of council activities and outcomes; inadequate attention to addressing persistent performance issues.
- Feedback from Councils indicates they are influenced by ongoing resource constraints, the administrative burden of complying with state and Commonwealth funding and reporting requirements, and by the difficulty in attracting and retaining skilled staff.
- The average annual percentage increase in council rates exceeded both the Local Government Cost Index and the Consumer Price Index between 2000 and 2010. Councils need to adequately demonstrate to their communities why rate increases are necessary (eg: asset renewal).
- None of the 10 Councils examined had developed a set of indicators that adequately measured the impact of services and achievement of objectives.
- Key issues compromising the effectiveness of performance reporting are: poorly expressed objectives that cannot be effectively measured; indicators that do not comprehensively cover all aspects of council's objectives and key strategic activities; indicators that do not provide balanced information about quality, efficiency and outcomes; a lack of adequate policies for performance reporting; limited training for councillors and staff in performance measurement and management.
- Recommendations for further developing a sound local government performance reporting framework, specifically for councils to action, include: reviewing strategic and service objectives to assure they are clearly expressed, measurable and aligned; critically reviewing the performance information in their annual reports to ensure it is relevant, balanced, appropriate and clearly aligned with objectives; documenting and approving performance reporting policies and standards; providing training for Councillors and staff on effective performance measurement, management and reporting.



Conclusion, with respect to the ten councils examined by VAGO

- Performance reporting by councils remains inadequate. It is focused on inputs and operating activities, and offers little insight into the impact of services and the achievement of objectives.
- While some improvements were evident at councils since (the last audit was conducted in) 2008, the progress to date has not been sufficient to satisfy the information needs of residents and ratepayers, to drive continuous improvement, or to deliver timely performance reporting.
- These shortcomings continue to impair accountability for performance and represent major obstacles to effectively addressing recurring performance deficiencies at councils.
- Ongoing performance challenges in the sector strongly indicate that significant further work towards an appropriate local government performance reporting framework is warranted.

VAGO Recommendations, for all Victorian councils

Councils should:

- 1) Review their strategic and service objectives to assure they are clearly expressed, measurable and aligned.
- 2) Critically review the performance information in their annual reports to ensure it is relevant, balanced, appropriate and clearly aligned with their objectives.
- 3) Document and approve performance reporting policies and standards.
- 4) Provide training for councillors and staff on effective performance measurement, management and reporting.

Officer comment, with respect to the Borough's position on performance reporting

The Borough has implemented the following with respect to performance reporting:

- Progress against Council Plan priority actions is reported to Council on a quarterly basis. This reporting covers most (but not all) of the Performance Statement items. Many of the performance measures are linked to the annual Customer Satisfaction Survey that is undertaken by the Department of Planning & Community Development on behalf of Councils once a year and therefore reported to Council at year end.
- The Quarterly financial reports presented publicly to Council have, over time, increased the amount of non-financial statistical information in an attempt to indicate accountability measures in each program/service area for other than financial results against budget. (eg: planning permit activity, aged care service hours).

Additional items which could be actioned by officers include:

- Development of additional measures of performance, which complement and enhance those provided by the Local Government Community Satisfaction Survey Note the Community Satisfaction Survey questionnaire is currently under review by the Department of Planning & Community Development).
- Continue to develop the quarterly financial report so that all relevant indicators included in Council's annual performance statement are progressively monitored throughout the year (note however that some indicators are only measurable at year-end, eg: annual financial report submitted to the Minister by 30 September).

A new Council Plan will be developed with the new Council after the October 2012 elections. during the 2012/13 financial year. It will be completed and advertised, along with the Draft Budget, in preparation for the 2013/14 financial year. The reporting of results against the objectives and target dates of this new Council Plan will occur, via the Performance Statement in



the annual report, for the 2013/14 financial year however, quarterly reports will indicate progress against objectives where relevant.

Moved: Cr Bob Merriman / Seconded: Richard Bull

That the summary provided by Council officers, with respect to this VAGO Report and how it relates to the Borough of Queenscliffe, be accepted.

Carried

7.4 VAGO Report – Fraud Prevention Strategies in Local Government

The Victorian Auditor-General's Office (VAGO) tabled this report with Parliament on 6 June 2012.

A full copy of the report is available by accessing the following web link:

<http://www.audit.vic.gov.au/publications/20120606-Fraud-in-LG/20120606-Fraud-in-LG.pdf>

Background

Fraud is the crime of obtaining financial or another benefit by deception. The impact of fraud on councils and their communities can be significant. It can disrupt business continuity, reduce the quality and effectiveness of critical services, and threaten the financial stability of a council. It can also damage a council's public image and reputation.

This audit assessed the effectiveness of fraud prevention strategies, and also tested the adequacy of controls for targeted high-risk fraud areas, known to account for the majority of frauds in public sector entities. Five Victorian councils were assessed within this audit. The Borough of Queenscliffe was **not** one of the five councils audited.

Findings, with respect to the five councils examined by VAGO

- Limited improvements to fraud management practices since 2008, when VAGO last reported on fraud management practices across all 79 Victorian councils, were evident at most of the five councils examined in this most recent audit.
- Some initiatives taken by the five councils examined, whilst encouraging, have not been sufficient to establish an efficient fraud control framework at each council.

Conclusion, with respect to the five councils examined by VAGO

- The examined councils do not effectively manage their exposure to fraud risk, as none have developed a strategic and coordinated approach to controlling fraud.
- While each of the five councils has aspects of a fraud control framework, key elements are either absent or poorly implemented.
- Risk-based fraud control plans do not yet exist at all councils.
- The examined councils cannot be assured that their fraud prevention strategies are effective and that all major fraud risks have been adequately mitigated.
- Targeted testing of high-risk areas disclosed a number of internal control deficiencies, which heighten the risk of fraud.



VAGO Recommendations, for all Victorian councils

Councils should:

- 1) Develop and maintain an up-to-date fraud control plan.
- 2) Conduct thorough, periodic fraud risk assessments.
- 3) Provide induction and periodic fraud awareness training to all council staff.
- 4) Systematically monitor and report on the effectiveness of their fraud control strategies.
- 5) Ensure effective ongoing scrutiny by management, internal audit and audit committees.
- 6) Establish effective pre-employment screening processes.
- 7) Make sure accounts payable systems have effective preventative controls.
- 8) Maintain accurate and up-to-date asset registers that are regularly reviewed.
- 9) Systematically review the operation and effectiveness of all internal controls systems.

Officer comment, with respect to the Borough's position on fraud prevention/management

The Borough has implemented a number of fraud strategies and controls , specifically:

- Council Policy CP008: Fraud Prevention , adopted 18 October 2011.
- Risk register, updated in May 2012 to include fraud risk for each program area.
- Fraud awareness training provided to program coordinators in February 2012.
- Participation by the Senior Accountant in fraud training conducted by Council's insurers.
- Risk management is a standing agenda item for staff meetings, program coordinator and Executive Management meetings.
- Incident reporting form recently updated, to provide a separate template for fraud risk issues.
- Forms established for approval of all new suppliers before payment is made for the first time.
- Cash refunds are no longer paid, rather payment is made via the supplier payment system.
- Recent review of the supplier masterfile has resulted in over 1,000 suppliers being deactivated.
- Pre-employment checks include the requirement for all employees to provide a police check.
- Induction manual recently updated to include reference to Council policy on fraud prevention.
- Fixed asset registers are updated on at least an annual basis, some more regularly (eg: I.T.).
- Internal audits are conducted six monthly and insurance audits annually.
- Activities of the risk management committee are reported to the Audit Committee six monthly.
- Separation of duties in Finance has been enhanced, with recent recruitment of staff. (two part-time staff replaced one full time employee)

Additional items to be actioned by officers, as identified in the various internal, external and insurance audit reports received to date and reported through to the Audit Committee, include:

- Rolling out an annual program of refresher training for all staff.
- Further analysis in relation to the risk register and identification of significant exposures.
- Review of the use of purchase orders throughout the organisation.
- Regular review and sign-off by the Senior Accountant for all supplier masterfile changes.
- Finance team to conduct unannounced spot audits on cash/other assets throughout the year.

Officers are continuing to progress outstanding actions in relation to fraud prevention and management, as evidenced by the most recent fidelity insurance audit result whereby the Borough's result improved by 35% (increased from 51% in June 2010 to 69% in November 2010). The next fidelity insurance audit is scheduled for November 2012.



Moved: Richard Bull / Seconded: Cr Bob Merriman

That the summary and planned actions provided by Council officers, with respect to this VAGO Report and how it relates to the Borough of Queenscliffe, be accepted.

8. REPORTS FROM THE RISK MANAGEMENT COMMITTEE

8.1 Report on risk management activities for the six months to May 2012

File: QG.235.01.01

Report Author: Senior Accountant

Purpose

The purpose of this report is to inform the Audit Committee of work performed and issues dealt with, by the Risk Management Committee, over the six month period from December 2011 - May 2012.

Background

The Risk Management Committee is comprised of the following members:

- Ev Wuchatsch, General Manager Governance & Community
- Allison Chaloner, Senior Accountant
- Stuart Hansen, Projects & Contracts Engineer
- Lisa Schorback, Community Services Co-ordinator

The Risk Management Committee has met on five occasions over the past six months, with minutes recorded for all meetings. A standing agenda is used, which includes the following key items:

- Status of outstanding actions on financial and insurance audit reports:
 - External audit management letters
 - Internal audit reviews
 - JMAPP (Jardine Municipal Asset Protection Plan) property risk management audit
 - MAV (Municipal Association of Victoria) crime/fidelity audit
 - Liability Mutual (public liability and professional liability) audit
 - Risk register
 - Business continuity management plan



- Incident reports received (which are included in the quarterly financial report to Council)
- OH&S legislation and training requirements
- Amendments to policies and procedures
- Regional asset management group
- Feedback from JLT (Jardine Lloyd Thompson) and Civic Mutual Plus best practice forums

Financial and Insurance Audits

a) Internal Audit: audit reviews occur in May and October of each year, with results reported through to the Audit Committee at its meetings in June and December. Audit topics are proposed by the internal auditor and a scope is provided to the Audit Committee, who may request that other audit topics also be considered. Each internal audit review includes ongoing review of risk management and follow-up with respect to actions outstanding from previous internal audit recommendations.

An internal audit was conducted in May 2012 (refer Agenda Item 6.1 for details)

b) External Audit: an interim audit is conducted in April each year, with the final audit taking place in July/August of each year. A management letter is provided by the external auditor and the year-end results are presented to the September meeting of the Audit Committee, prior to certification by Council's Principal Accounting Officer and two Councillors. The annual report including the financial report must be submitted to the Minister by 30 September.

An interim audit was conducted in April 2012 (refer Agenda Item 7.1 for details).

c) Insurance Audits: three insurance audits are conducted by Council's insurers (property risk management, public liability and professional liability, fidelity/crime), each being a full audit every two years, with progress review every other year. The result of each audit has the potential to impact on future insurance premiums, although no such savings resulting from improved audit scores have been quantified to date.

No insurance audits were conducted in the past six months. The next insurance audits are scheduled for November 2012, with property risk management being a full audit and the public liability and professional liability as well as fidelity/crime audits to be a progress review.

For each of the financial and insurance audits, the Risk Management Committee reviews the list of outstanding actions at each meeting, the necessary follow-up occurs and progress is reported through to the Audit Committee six-monthly.

Risk Register

Two main actions have recently been completed with respect to Council's risk register: (i) as recommended in internal audit and the various insurance audit reports, the inclusion of inherent risk ratings for all items included within the risk register, that is to say the risk rating prior to implementation of treatment/controls; and (ii) the consideration of fraud risk has now been included for each and every program area, rather than the old method of including this within the Finance program area only.



Further review of the risk register, taking into account other audit recommendations not yet actioned, will be progressed over the next six months and will be reported back to the Audit Committee in December 2012.

Business Continuity Management Plan

Further revisions were made by Council officers to the Business Continuity Management Plan in April 2012, predominantly to update staff names/positions and supplier contact details. The next phase is to make the document available on Council's intranet for staff and to provide awareness training for all staff. This action is expected to be completed over the next six months.

Incident Reports

Incident reporting is a regular component of the quarterly financial report to Council. The number of incidents recorded over the past 15 months is as follows:

Incidents	Jan-Mar 2011	Apr-Jun 2011	Jul-Sep 2011	Oct-Dec 2011	Jan-Mar 2012
Public	2	-	1	1	4
Staff	3	1	1	-	-
Volunteers	-	-	-	-	-

Incidents reported for the recent January - March 2012 quarter were all in relation to members of the public (three were slips/trips and one incident was where a tree branch fell on a vehicle).

Risk Management/OH&S Training Conducted

Significant changes are currently taking place with respect to OH&S Legislation and the work required to incorporate these changes into the Borough's policies has not yet commenced. This work will be developed by Council officers over the next few months and progress will be reported through to the Audit Committee in December 2012.

Fraud awareness training was conducted by the Senior Accountant, using information recently received from Council's insurance broker (Jardine Lloyd Thompson), and presented to the Executive Management Team and Program Coordinators on 28 February 2012.

Policies and Procedures

No further change since revisions to risk-related Council policies were adopted 18 October 2011.

Conclusion

The Risk Management Committee will continue to meet on a regular basis to further progress outstanding actions, with regular reports to be provided to the Audit Committee for their meetings in June and December of each year.



Moved: Graeme Phipps / Seconded: Richard Bull

That this report from the Risk Management Committee be received and accepted, and that the officers consider the comments of the Internal Auditors.

Carried

9. INFORMATION TO NOTE

9.1 2012/13 Adopted Council Plan

The 2012/13 Draft Council Plan was presented to Council at its meeting on 21 March 2012. Council resolved to advertise and place the Council Plan on exhibition, with the public invited to make submissions on this Council Plan by the closing date of 4 May 2012. Council considered the public submissions received, however no changes were made and the 2012/13 Council Plan was adopted by Council at the Ordinary Council Meeting held on 20 June 2012. The 2012/13 Adopted Council Plan is provided at **Appendix 7**.

Moved: Richard Bull / Seconded: Cr Bob Merriman

That the 2012/13 Adopted Council Plan be noted.

Carried

9.2 2012/13 Adopted Budget (including the Strategic Resource Plan)

The 2012/13 Draft Budget was presented to Council at its meeting on 21 March 2012. Council resolved to advertise and place the Council Budget on exhibition, with the public invited to make submissions on this Council Budget by the closing date of 4 May 2012.

Council considered the public submissions, as part of the 2012/13 Budget, with no changes made in relation to the submissions. However, Council amended the fees and charges schedule with respect to the annual caravan park fees for both Victoria Park and the Recreation Reserve. Minor changes were also made to the last paragraph of the Mayor's introduction on page 2 of the budget document, to correct the past tense.

The 2012/13 Budget was adopted by Council at the Ordinary Council Meeting held on 20 June 2012. The 2012/13 Adopted Budget (including the Strategic Resource Plan) is provided at **Appendix 8**.



Moved: Richard Bull / Seconded: Cr Bob Merriman

That the 2012/13 Adopted Budget (including the Strategic Resource Plan) be noted.

Comment: the Audit Committee commended the Council for their initiative in taking the Budget and Council Plan presentation to Melbourne.

Carried

9.3 2012/13 Draft Budget presentation to the public

Council officers presented information, in relation to the 2012/13 Budget, to the public at two meetings in April 2012. One meeting was held in Queenscliff and the other in Hawthorn (for non-resident ratepayers). This information included benchmarking with neighbouring and coastal Councils, as well as with all Councils in the 'small shire' council grouping. Refer **Appendix 9**.

Moved: Richard Bull / Seconded: Cr Bob Merriman

That the 2012/13 Draft Budget presentation to the public be noted.

Carried

The independent Audit Committee members thanked the Councilors and Officers for the efforts in presenting this to the public.

9.4 2011/12 Quarterly Financial Report as at 31 March 2012

The 31 March 2012 quarterly report was issued to Council at its meeting on 23 May 2012. This information is provided at **Appendix 10**.

Moved: Richard Bull / Seconded: Cr John Burgess

That the quarterly financial report for the period to 31 December 2011 be noted.

Carried



10. CONFIDENTIAL ITEMS

Time: 4:31pm

Moved: Cr Bob Merriman / Seconded: Richard Bull

That in accordance with Section 89(2a) of the Local Government Act 1989:

- **Confidential items be considered at the conclusion of all other business at which time the meeting be closed to members of the public.**

That the Audit Committee suspend standing orders and commence 'in camera' meeting.

Carried

10.1 Status update on the Caravan Park Confidential Report from Council Meeting 12 December 2011

10.2 Internal Audit Report – Review of Caravan Park operations

Time: 4:46pm

Moved: Cr Bob Merriman / Seconded: Richard Bull

That the Audit Committee cease 'in camera' meeting and resume standing orders.

Carried

11. RATIFICATION OF CONFIDENTIAL ITEMS

Moved: Cr Bob Merriman / Seconded: Richard Bull

That the decisions made in camera be ratified by the Audit Committee.

Carried

12. GENERAL BUSINESS

Congratulations to Barney Orchard on election as Chair.



13. AUDIT COMMITTEE MEETING DATES FOR REMAINDER OF 2012 CALENDAR YEAR

Monday 3 September 2012 at 3:30pm (this is specifically for consideration of the 2011/12 Annual Financial Report, Standard Statements and Performance Statement)

Monday 10 December 2012 at 3:30pm

14. CLOSE OF MEETING

Meeting Closed at 5:52pm
