



14.6 **OUTCOMES OF THE AUDIT AND RISK COMMITTEE MEETING 10 MAY AND 21 JUNE 2018 AND REVIEW OF AUDIT AND RISK COMMITTEE CHARTER.**

EXECUTIVE MEMBER: KYLIE BENNETTS, DIRECTOR, OFFICE OF THE CEO
PREPARED BY: JULIE SNOWDEN, CO-ORDINATOR RISK AND ASSURANCE

1. PURPOSE

- 1.1 To bring to the attention of Council the matters addressed at the 10 May 2018 workshop and 21 June 2018 Audit & Risk Committee meeting and to adopt the updated Audit & Risk Committee Charter.

2. EXECUTIVE SUMMARY

- 2.1 Council is required by the Local Government Act 1989 to establish an Audit and Risk Committee (the Committee) as an advisory committee of Council.
- 2.2 The Committee Charter is reviewed annually by Council.
- 2.3 The Charter requires the Committee to meet five (5) times per year and to regularly report to Council.
- 2.4 The most recent meetings of the Committee were held on 10 May 2018 and 21 June 2018. This paper outlines the matters considered by the Committee and satisfies this reporting requirement.

3. RECOMMENDATION

That Council:

- 3.1 Adopts the updated Audit and Risk Committee Charter (Attachment 1).
- 3.2 Notes the report outlining the matters addressed at the 10 May 2018 workshop and 21 June 2018 meeting of the Audit & Risk Committee.

4. KEY POINTS/ISSUES

- 4.1 Matters considered by the Committee at its 10 May 2018 meeting were:
 - 4.1.1 Business Landscape

The CEO presented a detailed overview of the current business landscape which included discussion around areas of focus and also summarised the strengths, weaknesses, opportunities and threats of the organisation's operating context.



4.1.2 Risk Landscape

The following risk topics were discussed:

- Council's current risk profile (including strategic / operational risks)
- The introduction of the Strategic Risk & Internal Audit Group (SRIA), who provides oversight and active management of major risks, issues, opportunities and Council's assurance environment.

4.1.3 Assurance Landscape

Council's internal auditor presented an updated list of Local Government Audit Committee priorities tailored for the City of Port Phillip.

4.1.4 Proposed Internal Audit Plan

The proposed Internal Audit & Compliance Plan for 2018/19 was presented for consideration.

4.2 Matters considered by the Committee at its 21 June 2018 meeting were:

4.2.1 Chief Executive Officer's Report

The Committee noted the overview from the CEO on key activities that have occurred since the last meeting and noted the Chief Executive Officer's Reports (Issues 41 – 44).

4.2.2 Strategic Risk & Internal Audit

The Director Office of the CEO discussed the focus of the Strategic Risk & Internal Audit Group (SRIA) since its establishment in January 2018 and the management of the below waterline and on waterline (watchlist) risks.

The Committee noted the SRIA update as well as noting the status of the Internal Audit Recommendations Report and the update on External Publications from integrity bodies.

4.2.3 External Audit

External Auditor representatives from HLB Mann Judd discussed the External Audit Strategy with the Committee, highlighting changes from previous years and tabled the VAGO Interim Management Letter year ending 30 June 2018 with acknowledgement that no new findings had been identified. The Committee noted the report.

4.2.4 Assurance Activities Update

The Committee discussed the findings from the audit of Payroll, Parking Revenue, the Core Compliance testing of Meeting & Event Billing, Gifts and Benefits, Councillor and Staff expenditure and Procurement and the status of the 2017/18 internal audit plan, with all reports noted by the Committee.



The Committee also endorsed the proposed 2018/19 Internal Audit Plan which includes the following six audit topics: City Permits and Local Laws, Contract Management, NIST Cyber Security Assessment, Competitive Neutrality / National Competition Policy, Child Safe Standards implementation and Project Governance.

The Audit Universe was also discussed with some minor changes requested.

4.2.5 Compliance Monitoring

The Committee noted the regular compliance update report and thanked the Director MAV WorkCare for his attendance and providing the Committee with an overview of the MAV WorkCare Scheme.

4.2.6 Financial Monitoring

The Committee noted the financial sustainability report and a status update on Fixed Assets and end of Financial Year Changes which included a useful life review of Roads Assets, an update to the Fixed Asset Accounting Policy and changes to the presentation of Annual Accounts.

4.2.7 Supplementary Reports

The Committee noted a number of supplementary reports including implementation of the Local Government Act reform, reviewing a listing of Council's leases & licences and an update on building cladding.

4.2.8 Audit & Risk Committee Charter Annual Review

The Committee endorsed the minor changes proposed by officers (Attachment 1) including inclusion of an indemnity clause, updating next review date and modifying Council area responsible for supporting minutes. The Committee noted that the proposed changes to the Local Government Act will require more substantive changes.

5. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 5.1 Our commitment to you through improving community engagement, advocacy, transparency and governance.

6. OFFICER DIRECT OR INDIRECT INTEREST

- 6.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS 1. Audit & Risk Committee Charter