



8.9	OUTCOMES OF THE 2 MAY 2017 WORKSHOP AND 28 JUNE 2017 MEETING OF THE AUDIT AND RISK COMMITTEE
WARD:	WHOLE OF MUNICIPALITY
GENERAL MANAGER:	CHRIS CARROLL, ORGANISATIONAL PERFORMANCE
PREPARED BY:	JULIE SNOWDEN, CO-ORDINATOR RISK & ASSURANCE
TRIM FILE NO:	F17/I
ATTACHMENTS:	1. Audit and Risk Committee Charter

PURPOSE

The purpose of this report is to bring to the attention of Council the matters considered at the 2 May 2017 workshop and 28 June 2017 meeting of the City of Port Phillip Audit and Risk Committee.

1. RECOMMENDATION

That Council:

- 1.1 Receives and notes the report outlining the matters considered at the 2 May 2017 workshop and 28 June 2017 Audit and Risk Committee meeting.
- 1.2 Notes that the Audit and Risk Committee has undertaken an annual review of its charter and has recommended no change (attachment 1).

2. BACKGROUND

- 2.1 Council is required by the Local Government Act 1989 to establish an Audit & Risk Committee as an advisory committee of the Council.
- 2.2 The City of Port Phillip Audit and Risk Committee Charter is reviewed annually by Council and requires the Audit and Risk Committee to report its activities to Council, including presenting a report of activities for the year.
- 2.3 The Charter also requires the Committee to meet five times per year. The most recent meetings of the Audit and Risk Committee were held on 2 May 2017 and 28 June 2017.

3. KEY INFORMATION

- 3.1 Two Councillors represent Council as members of the Audit and Risk Committee. Mayor Councillor Bernadene Voss was present at the 2 May 2017 and 28 June 2017 Audit and Risk Committee meetings. Councillor Dick Gross was present at the 2 May 2017 meeting and was noted as an apology for the 28 June 2017 meeting.



- 3.2 There are three external members on the Audit and Risk Committee. Helen Lanyon (Chair), Brian Densem and Kerry O'Brien were all present at the 2 May 2017 workshop and 28 June 2017 meeting.
- 3.3 Carol Jeffs, Acting Chief Executive Officer was present at the 2 May 2017 workshop as a guest and Peter Smith, Chief Executive Officer was present at the 28 June 2017 meeting as a guest.
- 3.4 The following Council Officers were present as guests at 2 May 2017 workshop: General Manager Organisational Performance, the Chief Financial Officer, Executive Manager Service and Business Improvement and Coordinator Risk and Assurance. Other guests in attendance for the 2 May 2017 workshop for specific items were representatives from PricewaterhouseCoopers, Council's internal auditors.
- 3.5 The following Council Officers were present as guests at 28 June 2017 meeting: General Manager Organisational Performance, the Chief Financial Officer and Coordinator Risk and Assurance. The Executive Manager Service and Business Improvement was noted as an apology for the 28 June 2017 meeting. Other guests in attendance for the 28 June 2017 meeting for specific items were representatives from PricewaterhouseCoopers with the General Manager Infrastructure & Amenity and OHS Manager also in attendance as guests for specific items.
- 3.6 Matters considered by the Audit & Risk Committee at its 2 May 2017 workshop were:
- 3.6.1 **Business Landscape**
- The Acting CEO presented information relevant to the Business Landscape which included:
- 3.6.1.1 The draft Council Plan 2017-27, highlighting that for the first time, the Council Plan had been integrated with Council's 10-year financial plan, annual budget, and Health and Wellbeing plan.
- 3.6.1.2 The topics of waste, water, transport and parking and Fishermans Bend where Council is planning for transformational shifts over the next 10 years.
- 3.6.1.3 The appointment of the new Chief Executive Officer, Peter Smith commencing 29 May 2017.
- There was also some discussion around Council's financial strategy with the General Manager Organisational Performance confirming that we will use the Victorian Auditor General's Office financial indicators to measure financial sustainability.
- 3.6.2 **Risk Landscape**
- The following risk topics were discussed:
- 3.6.2.1 Council's current risk profile (including strategic / operational risks, with a specific focus on fraud & corruption, business technology and projects).
- 3.6.2.2 Updated Risk Management Policy and Framework



3.6.3 Assurance Landscape

An updated Assurance Map was presented for consideration.

3.6.4 Proposed Internal Audit Plan

The proposed Internal Audit & Compliance Plan for 2017/18 was presented for consideration.

3.7 Matters considered by the Audit and Risk Committee at its 28 June 2017 meeting were:

3.7.1 Chief Executive Officer's Report

The Committee welcomed Peter Smith, Chief Executive Officer to his first Committee meeting and noted the CEO Reports for March, April and May 2017.

The General Manager Organisational Performance discussed the adoption of the Council Plan 2017-27 with one minor financial change relating to parking fee relief which was considered to be non-material and reiteration that Council is in a strong financial position for the next 10 years.

There was also some discussion around emerging issues officers were responding to. These include combustible cladding audits, security at town halls, markets and events and OHS, with various working groups formed to review and implement any necessary remedial actions through the Executive Leadership Team.

3.7.2 External Audit

The CFO walked the Committee through the new Financial Sustainability standing report. With no representative from VAGO present, there was general discussion by the Committee on the tabled VAGO Interim Management Letter Y/E 30 June 2017 with acknowledgement that no new findings had been identified during the audit. The CFO provided the Committee with an update on the impact of the recent Standard & Poor's rating downgrade of Australian Financial Institutions on Council's investment policy. The Committee noted all reports.

3.7.3 Compliance Monitoring

The Committee noted the regular compliance update report as presented by the Risk & Assurance Coordinator which provided an update on work to conduct an annual evidence based compliance auditing program whereby department managers or responsible persons are required to provide evidence to support how they are maintaining compliance with legislative obligations.

3.7.4 Risk Management

The Committee noted the quarterly risk management update which highlighted the current focus on security issues across the Council, in particular at the town halls, public markets and festivals and events in response to the recent worldwide events. There was further discussion around the topic of combustible cladding, with the Risk & Assurance team currently working with City Development and Municipal Building Surveyor to assess Council's



exposure on buildings higher than one story. The Committee noted the report.

3.7.5 *Assurance Activities Update*

The Committee noted the status of the Internal Audit Recommendations Report, the status of the Internal Audit Plan 2016/17, the External Publications report and the Core Compliance update.

They also discussed the findings of the remaining three audits in the agreed Internal Audit Plan 2016/17: The South Melbourne Market Review, the Capital Works Delivery Review and the Corporate Governance Review. No findings of high importance were identified in any of the reviews. All reviews were discussed with management and action plans and timeframes for implementation have been agreed.

The Committee adopted the proposed Internal Audit Plan 2017/18 with some minor changes.

3.7.6 *Supplementary Reports*

The Committee noted the six monthly OH&S update as provided by the new OHS Manager which detailed work undertaken since his commencement including:

- 3.7.6.1 A review of Council's ability to evidence compliance;
- 3.7.6.2 A review of Council's Occupational Health and Safety Management System (OHSMS); and
- 3.7.6.3 A physical review of Council staffed properties to ascertain compliance.

A separate report listing Council's current policies and review dates was noted by the Committee.

3.7.7 *Audit & Risk Committee Charter Review*

The committee endorsed the current Charter without change after the extensive review undertaken in 2016 for Council adoption.

3.8 The minutes of the 2 May 2017 workshop and 28 June 2017 Audit and Risk Committee meeting have been circulated to all committee members and Councillors.

3.9 The next meeting of the Audit & Risk Committee is scheduled for 24 August 2017.



FURTHER SUPPORTING INFORMATION

4. OFFICER DIRECT OR INDIRECT INTEREST

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

REFERENCE ONLY - NOT TO BE REMOVED