

# Nillumbik Audit Committee minutes

Held Monday 13 August 2018 at 4pm at the Civic Centre, Civic Drive, Greensborough

## 1 Present

Independent members: John Watson, Greg Hollyman, Chris Eddy

Councillors: Mayor Cr Peter Clarke

Council officers: Mark Stoermer (CEO), Vince Lombardi (Executive Manager Finance), Melika Sukunda (Financial Accountant), Craig Commane (Risk Advisor), Blaga Naumoski (Executive Manager Governance), Adrian Cully (Director Business and Strategy), Lisa Pittle (Manager Environment), Jeremy Livingston (Executive Manager Organisational Performance).

Other invitees: Martian Thompson (Crowe Horwath), Mark Peters (HLB Mann Judd), Nick Yee (HLB Mann Judd).

## 2 Apologies

Cr Bruce Ranken      Matt Kelleher  
   Director Services and planning

## 3 Appointment of Chairperson

As per the terms of reference, "The Chairperson shall be selected by the Audit Committee members from one of the three external members".

Greg Hollyman nominated John Watson to the role of Chairperson of the Audit Committee.

Mayor Cr Peter Clarke seconded the nomination.

The nomination was put to vote and carried.

## 4 Disclosure of any conflicts of interests

Chris Eddy disclosed consulting engagement with VicTrak regarding the W Class Trams donation (disposal) program.

## 5 Declarations

i. CEO – Any impending legal action, legislation breaches or instances of fraud.

Nil

ii. Internal Auditor – Any obstructions to the work of the internal audit.

Nil

## **6 CEO Update**

The CEO update was presented to the Committee.

### ***Decision***

The CEO update was received and noted.

## **7 Table of Actions Arising**

The table of actions outstanding was presented to the Committee.

### ***Decision***

The status of actions outstanding was received and noted

## **8 Adoption of the minutes of the meeting held 28 May 2018**

### ***Decision***

The minutes of the Audit Committee meeting held on 28 May 2018 were confirmed as accurate.

## **9 Director presentation**

Adrian Cully, Director Business and Strategy, presented to the Committee on activities within his area of responsibility.

### ***Decision***

The presentation made by Adrian Cully, Director Business and Strategy was received and noted.

## **10 Update on Records Management function and progress on internal audit findings**

Blaga Naumoski, Executive Manager Governance, presented an update on the Record Management function and progress on internal audit findings to the Committee.

### ***Decision***

The update presented by Blaga Naumoski, Executive Manager Governance was received and noted.

It was also noted that a progress report will be presented to the Committee at the February 2019 meeting.

## **11 Status report of outstanding internal audit recommendations**

The status report of outstanding internal audit recommendations was presented to the Committee.

### ***Decision***

The status report was received and noted.

## **12 Risk and Insurance report**

The risk and insurance report was presented to the Committee.

The Chair referenced the VAGO Local Government Insurance Risks Report tabled in Parliament in July 2018 and it was confirmed that management will provide comment on the report at the next meeting.

### ***Decision***

The risk and insurance report was received and noted.

## **13 Risk policy and framework**

The risk policy and framework was presented to the Committee.

### ***Decision***

The risk policy and framework was received and noted.

It was also noted that the Risk Framework will be updated, to remove external audit (VAGO) from the third line of defence.

## **14 Strategic Risks**

The strategic risks were presented to the Committee.

### ***Decision***

The strategic risks were received and noted.

## **15 Internal Audit progress report**

The progress report on internal audit by Crowe Horwath was presented to the Committee.

### ***Decision***

The internal audit progress report was received and noted.

## **16 Wildlife euthanizing services and related firearms management**

The Wildlife euthanizing services and related firearms management report was presented to the Committee.

### ***Decision***

The Wildlife euthanizing services and related firearms management report was received and noted.

The Committee advises to Council that, as the risks may not be adequately mitigated it is the advice of the Audit Committee that the Council should consider making alternative arrangements to deliver these services in the future.

## 17 Annual Financial Statement

### 17.1 Annual Financial Report and Performance Statement, Closing Report

The VAGO representative presented the draft Closing Report to the Committee and in response to member questions advised that there was no reason to prevent the Committee providing advice to the Council to sign the Annual Accounts.

The Annual Financial Report and Performance Statement for 2017-2018, including closing report was presented to the Committee.

The Committee discussed the Annual Financial Report and commented on the cleanness of the accounts as presented and the relative ease of readability of the Accounts in the new reporting format. The Committee made some minor suggestions on the Financial Statements including an addition to the notes to explain the difference in the amounts attributed to Employee Costs between pages 4 and 7.

The Committee discussed the Performance Statement and after asking some questions, suggested some minor changes to the wording in several of the explanations provided in the comments column.

#### **Resolution**

*Moved – Greg Hollyman*

*Seconded – Chris Eddy*

That

- 1) The Annual Finance Report and Performance Statement including the closing report be received and noted.
- 2) The Audit Committee resolve to recommend that the Council:
  - Record its approval 'in principle' to the annual financial report and performance statement (the statements) for the year ended 30 June 2018; and

Further that subject to the review of the final version of the financial report and the performance statement, that the Council:

- Authorise the Chief Executive Officer to send the statements to the Auditor-General.
  - Authorise the Chief Executive Officer, the Mayor and Deputy Mayor to certify the final version of the statements.
  - Authorise the Manager Finance to implement any non-material changes to the statements as recommended by the Auditor-General, and provide a summary of such changes to the Audit Committee at its next meeting. Any material changes will be discussed with the Chair of the Audit Committee prior to being presented to Council.
- 3) That the Committee record its appreciation to the staff involved in preparing the Annual Financial Accounts and the Performance Statement for the quality of those documents.

*Carried.*

## **17.2 Annual Financial Statement variance analysis**

The Annual Financial Statement variance analysis was presented to the Committee

### ***Decision***

The Annual Financial Statement variance analysis was received and noted.

## **18 Finance policy review dates**

The Finance policy review dates were presented to the Committee.

### ***Decision***

The Finance policy review dates were received and noted.

## **19 Councillor and Staff Gift Registers**

The Councillor and Staff Gift Registers were presented to the Committee.

### ***Decision***

The Councillor and Staff Gift Registers were received and noted.

## **20 Rates in Arrears report**

The rates in arrears report was presented to the Committee.

### ***Decision***

The rates in arrears report was received and noted.

## **21 Other Business**

- I. Local Government sector issues were briefly discussed.
- II. The Chair requested that an Annual Work Plan be prepared for the Audit Committee to ensure that all the matters required to be considered each year under its Terms of Reference are dealt with.
- III. The Committee noted that it was the last meeting to be attended by the Chief Executive Officer Mark Stoermer before he leaves the Nillumbik Shire Council to take up a new role in Queensland. The Committee asked that it be recorded that the Committee acknowledges the contribution made by Mark Stoermer to Nillumbik Shire Council and to the Audit Committee during the time he had been the Chief Executive Officer and wished him well in his future endeavors.

## **22 Meeting Schedule**

The next Audit Committee Meeting:

4pm Monday 12 November 2018.