

Minutes of the meeting of the Audit Committee of the City of Holdfast Bay held in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton on Wednesday 19 August 2015 at 6:30pm.

PRESENT

Members

Chairman – Councillor J Smedley
Ms V Brown
Mr J Wood
Mr S Spadevecchia

Staff

General Manager Corporate Services – Mr IS Walker
Manager Finance – Mr J Newton
Internal Auditor – Ms L Mirovitskaya
General Manager Alwyndor Aged Care – Mr G Potter
Manager Finance & Administration Alwyndor Aged Care – Ms P Warburton

1. OPENING

The Chairman declared the meeting open at 6.30pm.

2. APOLOGIES

2.1 Apologies Received - Councillor R Snewin

2.2 Absent - Nil

3. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 20 May 2015 be taken as read and confirmed.

Moved by Mr Wood, Seconded by Mr Spadevecchia

Carried

5. QUESTIONS BY MEMBERS - Nil

6. MOTIONS ON NOTICE - Nil

8. REPORTS BY OFFICERS**8.1 Standing Items – August 2015 (Report No: 252/15)**

The Audit Committee is provided with a report on standing items at each scheduled meeting.

Motion

That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly financial statements**
- **Internal control**
- **Risk management**
- **Whistleblowing**
- **Internal audit**
- **Economy and efficiency audits**

Moved Ms Brown, Seconded Mr Spadevecchia

Carried

8.2 2015-16 Annual Business Plan and Budget (Report No: 253/15)

Council adopted the 2015-16 Annual Business Plan and Budget on 23 June 2015. This report advises the Audit Committee of the amendments subsequent to the Draft Annual Business Plan previously considered by the Audit Committee and presents the final document for the information of the Committee.

Motion

That the Audit Committee notes the adopted 2015-16 Annual Business Plan and Budget.

Moved Mr Wood, Seconded Ms Brown

Carried

8.3 Three Year Internal Audit Plan Update (Report No: 254/15)

This report provides an update on the progress of the Three Year Internal Audit Plan (2014-2017).

Motion

- 1. That the Audit Committee advises Council that it has received and considered the Internal Audit Update Report of August 2015.**

2. **That the Committee requests a report each meeting in relation to all outstanding actions with a risk rating of “High” or “Extreme” detailing:**
- **title of audit/area and description of action**
 - **original target date**
 - **revised target date (if applicable)**
 - **current status of outstanding action**
 - **expected completion date**
 - **responsible manager**
 - **whether non-completion has raised the risk profile of Council.**

Moved Mr Spadevecchia, Seconded Mr Wood

Carried

8.4 **2014-15 Preliminary Funding Statements** (Report No: 255/15)

This report provides preliminary funding statements for the 2014/15 financial year including explanations of the interim results and major budget variations.

The interim result for municipal operations shows a decrease of \$1,437,502 in the forecast operating deficit resulting in an interim operating surplus of \$629,783. This result is largely affected by a Federal Government decision to prepay the first two instalments of the 2015/16 Financial Assistance Grant totalling \$588,830. The interim profit from the Southern Region Waste Resource Authority has also exceeded the forecast by \$295,800. Other net operational savings totalling \$363,077 have occurred and are detailed in this report.

The interim result for Alwyndor operations shows a net decrease of \$75,071 in operating costs resulting in a \$65,130 operating surplus. Major budget variances have occurred due to the introduction of the new consumer directed care Federal Government funding arrangement and are detailed in this report.

Motion

That the Audit Committee advises Council it has received and considered a report on the preliminary 2014/15 funding statements and notes the following:

1. **discussed variances between provisional results and revised forecast and in particular the \$3.114m loss on disposal of assets;**
2. **requested a further explanation on the variations between target, budget and results of the reported financial ratios;**
3. **requested management to review the relevance of the reported ratios and the consideration of additional relevant ratios and measures for Municipal and Alwyndor.**

Moved Mr Spadevecchia, Seconded Ms Brown

Carried

8.5 Information Security (Report No: 256/15)

Council is implementing strategies to ensure robust information security governance.

Motion

- 1. That the Audit Committee advises Council that it received a report in relation to Information Security.**
- 2. Requested further information in relation to the actions to be implemented, including undertaken an independent audit of IT security.**

Moved Ms Brown, Seconded Mr Spadevecchia

Carried

8.6 Risk Management (Report No: 257/15)

This report provides the Audit Committee with an update on risk management programs.

Motion

That the Audit Committee advises Council it has received and considered an update report on risk management.

Moved Mr Spadevecchia, Seconded Mr Wood

Carried

9. REPORTS BY MEMBERS – Nil**10. ACTION ITEMS**

The Action Items were tabled and discussed.

11. VERBAL REPORTS BY OFFICERS - Nil**12. URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING****12.1 Membership of the Local Government Association**

That the Committee receive a report on the benefits/costs and possible alternatives in relation of LGA membership for the City of Holdfast Bay.

Moved Ms Brown, Seconded Mr Wood

Carried

12.2 Sitting Fees for Independent Members of the Audit Committee

That the Committee recommends to Council that the sitting fees for independent members of the Audit Committee be reviewed.

Moved Ms Brown, Seconded Mr Spadavecchia

Carried

13. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 14 October 2015 in the Mawson Room, Civic Centre, 24 Jetty Road, Brighton.

14. CLOSURE

The Meeting closed at 8.00pm.

CONFIRMED 14 October 2015