

REF: CM181/09

MINUTES OF AUDIT COMMITTEE MEETING HELD ON 30 JUNE 2009

Report of Manager Governance and Information (LW) 30/09/09

GI-70.01.001

PRECIS

The minutes of the Audit Committee of 30 June 2009 were accepted by the Audit Committee at its meeting held on 8 September 2009 and are submitted to Council for information. It was pleasing to note that the committee has now existed for one year and has provided advice on many varied topics. A review of the effectiveness of the committee will take place in December.

RECOMMENDATION

The minutes of the Audit Committee meeting held on 30 June 2009 be noted.

Name	Position Title
Author:	
Linda Watkins	Administrative Coordinator
Authorised by:	
Lyn Kofod	Manager Governance and Information
Illana Halliday	Director Corporate and Community Services
David Farmer	General Manager

ATTACHMENTS

1. Minutes of the Audit Committee Meeting held 30 June 2009

ITEM 10

MINUTES OF AUDIT COMMITTEE MEETING

HELD AT 1.02 PM, TUESDAY, 30 JUNE 2009

PRESENT:	
Ms K McRae - Independent [in the Chair]	Administrator R McGregor AM
Mr M Lyon - Independent	
Ms S van der Laan – Independent (from 1.50 pm)	
IN ATTENDANCE:	
Mr D Farmer – General Manager	Mr M Williams – Deloitte
Ms I Halliday – Director Corporate and Community Services	Ms L Waugh – Deloitte
Ms L Kofod – Manager Governance and Information	Mr B Hangar – Partner, Spencer Steer
Mr B Jenkins – Manager Finance	Mr G Steer – Partner, Spencer Steer
Ms K Apps – Professional Conduct Coordinator	Mr G Mottau – Partner, Spencer Steer
Ms K Galaxidis – Financial Services Manager	Ms L Watkins - Secretary

The Chair welcomed External Auditors, Spencer Steers' Brett Hangar, Graham Steer and Gary Mottau to the meeting.

1 APOLOGY

MOVED Administrator McGregor seconded M Lyon that the apology tendered on behalf of Administrator Dr C Gellatly AO, be noted. **MOTION CARRIED.**

2 DECLARATIONS OF INTEREST

NIL

3 MINUTES OF AUDIT COMMITTEE 28 APRIL 2009 – Report of Director Corporate and Community Services [IH] 15/6/09

The minutes of the Audit Committee of 28 April 2009 were presented.

MOVED K McRae seconded M Lyon that the minutes of the Audit Committee of 28 April 2009 be noted and accepted. **MOTION CARRIED**

4 BUSINESS ARISING

i PROPOSED INTERNAL AUDIT PROGRAM [refer 5 v]

ii **PROGRESS ON IMPLEMENTATION of AUDIT RECOMMENDATIONS**
[refer 5 iv]

iii **ANNUAL FINANCIAL STATEMENTS - APPROVAL AND AUDIT PROCESS - Report of Manager Finance [KG] 15/6/09 12.02.01.001**

This report outlines the annual financial statement approval and audit process. The process is largely governed by the requirements of the Local Government Act [1993] having regard for the timing of Council meetings.

MOVED K McRae seconded M Lyon that –

- 1 The information be received.
- 2 The 8 September Audit Committee meeting be set as the date to receive the 2008/09 financial statements.
- 3 The first 15 minutes of the September Audit Committee meeting be set aside for independent discussions between Committee members and External Auditors.

iv **EXTERNAL AUDIT FINDINGS AND MANAGEMENT RESPONSE**
[refer 7 i]

5 **INTERNAL AUDIT PROGRAM [DELOITTE]**

i **PROPOSED - NIL**

ii **INTERNAL AUDIT PROGRAM - AUDIT UNDERWAY**

The Council Resolutions Review Audit is currently underway.

MOVED K McRae seconded M Lyon that the audit in progress be noted. **MOTION CARRIED**

iii FINAL DRAFT AUDIT REPORTS FOR ADOPTION/REFERRAL**a WOLLONGONG CITY COUNCIL TRIM SYSTEM AND DATA REVIEW - DRAFT INTERNAL AUDIT REPORT JUNE 2009 [DELOITTE] - Report of Director Corporate and Community Services 15/6/09 04.01.012**

This report includes the final draft of the TRIM System and Data Review Audit Report prepared by Deloitte, June 2009 including the Implementation Table containing Management's comments.

MOVED K McRae seconded M Lyon that –

- 1 The TRIM System and Data Review Final Draft Audit Report, June 2009 and proposed actions be adopted.
- 2 The report be referred to the Corporate Governance Committee for information.

MOTION CARRIED.

b WOLLONGONG CITY COUNCIL PROJECT MANAGEMENT PROCESS DRAFT INTERNAL AUDIT REPORT 12 JUNE 2009 [DELOITTE] - Report of Director Corporate and Community Services 15/6/09 04.01.010

This report includes the final draft of the Project Management Process Audit Report prepared by Deloitte, 12 June 2009, including the Implementation Table containing Management's comments.

MOVED K McRae seconded M Lyon that –

- 1 The Project Management Process Final Draft Audit Report, 12 June 2009 and proposed actions be adopted.
- 2 The report be referred to the Corporate Governance Committee for information.

MOTION CARRIED.

c WOLLONGONG CITY COUNCIL PAYROLL PAYMENT PROCESSES DRAFT INTERNAL AUDIT REPORT APRIL 2009 [KPMG] - Report of Director Corporate and Community Services 15/6/09 04.01.008

This report includes the final draft of the Payroll Payment Processes Audit Report prepared by KPMG, April 2009 including the Implementation Table containing Management's comments.

MOVED K McRae seconded M Lyon that the Payroll Payment Processes Final Draft Audit Report, 12 June 2009 and proposed actions be adopted. **MOTION CARRIED.**

iv **PROGRESS ON IMPLEMENTATION OF COMPLETED AUDITS - Verbal Report of Director Corporate and Community Services**

Management consultation meeting was undertaken. Management is taking ownership of issues which arose in the fraud risk assessment. Additional sessions will be scheduled around mid July.

Deloitte has recommended that the Fraud Control Plan be separate to the Fraud Policy.

v **DELOITTE INTERNAL AUDIT PROGRESS REPORT AS AT 12 JUNE 2009 INCLUDING DRAFT STRATEGIC INTERNAL AUDIT PLAN 2010 - 12 - Report of Director Corporate and Community Services 15/6/09 04.01.004**

MOVED K McRae seconded M Lyon that Deloitte take into account the comments made at this meeting, modify the Plan, circulate it to members of the Audit Committee, Administrator Kibble, Executive Management and External Auditors, and it be approved out-of-session to enable it to go forward. **MOTION CARRIED**

ATTENDANCE OF MEMBER

During discussion of the above Item, the time being 1.50 pm, Ms S Van Der Laan attended the meeting.

6 FINANCIAL STATEMENTS -

i **YEARLY REVIEW - FOR SEPTEMBER MEETING**

ii **QUARTERLY REVIEW - FINANCIAL STATEMENTS**

MARCH QUARTERLY MANAGEMENT REVIEW FINANCIALS - Report of Manager Finance [TR] 15/6/09

Financial forecasts for the full year ending 30 June 2009 were revised as part of the March quarterly management review.

MOVED K McRae seconded M Lyon that the March Quarterly Management Review Financials be noted. **MOTION CARRIED**

7 EXTERNAL AUDIT PROGRAM

i **EXTERNAL AUDIT FINDINGS AND MANAGEMENT RESPONSE - Report of Manager Finance [KG] 15/6/09 12.02.01.001**

The initial interim audit was carried out by the External Auditors, Spencer Steer, during the period 31 March 2009 to 16 April 2009. The Auditor's recommendations on possible ways to strengthen and/or improve procedures are outlined in the Audit

Management Letter. Management has considered these recommendations and drafted a response which includes proposed actions to address the issues raised.

MOVED K McRae seconded M Lyon that -

- 1 The information be noted.
- 2 Wollongong City Council's proposed actions to address the issues raised in the Audit Management Letter be approved.

MOTION CARRIED

ii SPENCER STEER - PROFESSIONAL SERVICES CONTRACT - Report of Director Corporate and Community Services 16/6/09 04.17.02.088

This report, including the contract, is provided in response to a request from the Audit Committee.

MOVED K McRae seconded M Lyon that -

- 1 The information be noted.
- 2 A Service Plan be provided to the first Audit Committee meeting following the interim audit.

MOTION CARRIED

8 GENERAL BUSINESS

i DISCUSSION PAPER ON REPORTS OF VICTORIAN OMBUDSMAN INTO GOVERNANCE MATTERS AT 2 VICTORIAN COUNCILS - MOORABOOL AND BRIMBANK COUNCILS - Report of Manager Governance and Information 20/5/09 13.07.003004

The Victorian Ombudsman has released reports of investigations conducted by his Office into governance matters at Moorabool and Brimbank Councils.

The Discussion Paper summarises the findings of the investigations and provides comments as to the Ombudsman's recommendations and their relevance to Wollongong City Council.

MOVED K McRae seconded M Lyon that the report be noted. **MOTION CARRIED**

ii DRAFT FINANCIAL STRATEGY 2009-2025 - Report of Manager Finance [BJ] 16/6/09 SUI935

This report proposes the adoption of a long term financial strategy. The strategy has been developed to provide direction and context for decision making in the allocation, management and use of Council's financial resources. The framework is

intended to guide Council in the future development of a 10 year financial plan and determine financial boundaries for delivery and operational plans.

MOVED K McRae seconded M Lyon that the Draft Financial Strategy 2009-25 be noted. **MOTION CARRIED**

iii **CODE OF CONDUCT**

The Code of Conduct is being rewritten by K Apps, in plain English.

A copy of the Administrator Code of Conduct is to be forwarded to members of the Audit and Corporate Governance Committees following the suggestion of Administrator McGregor.

The meeting concluded at 2.33 pm.

ACTION SUMMARY

Item	ACTION	Officer	Status
4	BUSINESS ARISING		
iii	Annual Financial Statements – Approval and Audit Process <ul style="list-style-type: none"> ▪ The September Audit Committee meeting be set as the date to receive the 2008/09 financial statements. ▪ The first 15 minutes of the September meeting be set aside for independent discussions between Committee members and the External Auditor. 	SPENCER STEER	Refer Item 7i 8 Sept 09
5	INTERNAL AUDIT PROGRAM [DELOITTE]		
iii a	Final Draft Audit Reports – Wollongong City Council Trim System – Draft Internal Audit Report June 2009 <ul style="list-style-type: none"> ▪ The report be referred to the Corporate Governance Committee for information. 	J RISK	Submitted to CG 4 Aug 09
iii b	Final Draft Audit Reports – Wollongong City Council Project Management Process – Draft Internal Audit Report June 2009 <ul style="list-style-type: none"> ▪ The report be referred to the Corporate Governance Committee for information. 	J RISK	Submitted to CG 4 Aug 09

Item	ACTION	Officer	Status
v	<p>Deloitte Internal Audit Progress Report as at 12 June 2009 including Draft Strategic Internal Audit Plan 2010-12</p> <ul style="list-style-type: none"> Deloitte take into account the comments made at the 30 June 2009 meeting, modify the Plan, circulate it to members of the Audit Committee, Administrator Kibble, Executive Management and External Auditors and it be approved out-of-session to enable it to go forward. 	J RISK	Refer Item 4 i AC 8 Sept 09
7	EXTERNAL AUDIT PROGRAM		
ii	<p>Spencer Steer – Professional Services Contract</p> <ul style="list-style-type: none"> A Service Plan be provided to the first Audit Committee meeting following the interim audit. 	SPENCER STEER	Due Feb 2010
8	GENERAL BUSINESS		
i	<p>Delegations Register</p> <ul style="list-style-type: none"> It was intended that a live demonstration of Council's Delegations Register be provided to 30 June Audit Committee meeting. This was deferred to a later date given the full agenda for 30/6. 	L KOFOD	Presentation provided to CG 4 Aug 09 Not required for AC
iii	<p>Code of Conduct</p> <ul style="list-style-type: none"> A copy of the Administrator Code of Conduct be forwarded to members of the Audit and Corporate Governance Committees following the suggestion of Administrator McGregor. 	J RISK	Forwarded 14 Jul 09

CONFIRMED as a correct record of proceedings at the meeting of the Audit Committee held on 8 September 2009.



Chairperson - K McRae