



CITY OF VINCENT

MINUTES

Audit Committee

11 June 2019

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**MINUTES OF CITY OF VINCENT
AUDIT COMMITTEE
HELD AT THE COMMITTEE ROOM, ADMINISTRATION AND CIVIC CENTRE
244 VINCENT STREET, LEEDERVILLE
ON TUESDAY, 11 JUNE 2019 AT 1PM**

PRESENT: Cr Dan Loden Presiding Member
Mr Conley Manifis
Cr Susan Gontaszewski
Cr Joshua Topelberg (from approx. 1.15pm)

IN ATTENDANCE: David MacLennan Chief Executive Officer
Vanisha Govender Manager Finance
Natasha Brooks Governance and Council Support Officer

1 INTRODUCTION AND WELCOME

The Presiding Member, Dan Loden, declared the meeting open at 1.03pm and read the following Acknowledgement of Country statement:

“The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging”.

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

Mayor Emma Cole, Ms Elizabeth Hunt.

3 DECLARATIONS OF INTEREST

Nil.

4 CONFIRMATION OF MINUTES

COMMITTEE DECISION

Moved: Mr Manifis, Seconded: Cr Gontaszewski

That the minutes of the Audit Committee held on 9 April 2019 be confirmed.

CARRIED UNANIMOUSLY (3-0)

For: Cr Loden, Mr Manifis and Cr Gontaszewski

Against: Nil

(Cr Topelberg was absent for this decision).

5 BUSINESS ARISING**5.1 UPDATE ON THE CITY'S RISK MANAGEMENT FRAMEWORK****TRIM Ref:** D19/74348**Author:** Meluka Bancroft, Manager Governance, Property and Contracts**Authoriser:** David MacLennan, Chief Executive Officer**Attachments:** 1. Risk management maturity model **RECOMMENDATION:**

That the Audit Committee RECEIVES the update on the development and implementation of the City's Risk Management Framework.

COMMITTEE DECISION ITEM 5.1**Moved:** Cr Gontaszewski, **Seconded:** Mr Manifis

That the recommendation be adopted.

CARRIED UNANIMOUSLY (4-0)**For:** Cr Loden, Mr Manifis, Cr Gontaszewski and Cr Topelberg**Against:** Nil

Maturity Model: Where are we now? Where do we want to be?

Risk is the effect of uncertainty on objectives. Risk management refers to the architecture (principles, framework and process) for managing risk effectively.

The City of Vincent policy and guidelines are based on the International Standards on Risk Management AS/NZ ISO 3100:2009 Risk Management.

Levels of Risk Management Maturity

Maturity Matrix Rating Scale	
Maturity Rating	Description
Initial	There is no or minimal awareness of the importance of risk management and there are no processes in place across the entity. Risk management is usually left to individuals and performed on an ad hoc basis. Risk management is more reactive than proactive.
Inconsistent	There is organisational awareness of the importance of risk management. There are some formal processes in place for a few risks. There is limited standardization of risk management processes and risk management is conducted inconsistently across each risk and across each business area.
Consistent – Designed	An enterprise risk management framework exists covering all major risks. Standardised risk management principles are defined and documented, basic training conducted. Consistent risk management processes with communication and accountability exist throughout the business but not all processes have been fully implemented.
Consistent – Implemented	Enterprise risk management is fully implemented across the business, consistently applied and used in decision making and day to day management. Risk management processes are measured, evaluated and fed back into continuous improvement. Principles and policies are implemented and aggregated reports are prepared and reported to those charged with governance. Risk management is proactive. Key Risk indicators are collected and monitored consistently.
Optimised	Risk management is fully addressed and embedded into day to day management. Sophisticated and advanced risk management processes are used for all major risk types. Risk management is used as a key value driver supporting decision making and pursuit of opportunities. Risks, including emerging risks are proactively identified and monitored through key risk indicators and predictive risk analytics.

Risk Maturity Matrix

Assessment Criteria	Initial	Inconsistent	Consistent – Designed	Consistent – Implemented	Optimised
Strategy and governance	Risk not addressed as a strategic opportunity. The organisation provides little risk management direction.	There is a high level risk management methodology articulated. There is a separate audit function but no separate risk management function. Risk appetite statement is articulated qualitatively and no reporting exists.	Annual risk management plans created. Risk appetite statement and risk tolerance is established. There is a well articulated risk management methodology together with relevant policies. No specific procedures exist. The three lines of defence 'are recognized across the organisation.	Strategic and risk management plans and policies drive actions in all levels of the organisation. There is organisational buy in of risk management procedures. A Chief Risk Officer or equivalent is in place and known across the organisation.	Leading edge, aligned risk management and mitigation strategies are in place. Accountability and responsibilities for risk management functions are clearly defined. Regular assessment of the risk management across the department is undertaken. Three lines of defence is articulated and implemented. Risk management is incorporated into daily operations. Risk appetite and tolerance levels are well communicated and understood by all employees and key stakeholders
Process	No standard risk management processes and procedures. No definition formalised and communicated to staff. Lack of operational controls lends to uncontrolled risk loss. Risk management often ad-hoc and reactive. No formal Key Risk Indicator process to track current levels of risk.	Risk management processes and control management applied inconsistently. Some use of risk management and control assessment templates and risk register. Controls testing is conducted on an ad hoc basis.	Risk and risk components are defined. Risk management processes defined at the business unit or division level. Aggregated Key Risk Indicators are produced. Key Risk indicators include some leading indicators.	Risk management processes are standardized and enforced at all levels. Stress testing is used in risk quantification and contingency planning. Risk management practices deliverables are sustained. Key Risk Indicators are used as an early warning system.	Loss prevention and risk management processes are standardized and integrated organisation wide. Proactive audit and enforcement is undertaken relating to risk management. Formal and comprehensive program of stress testing is conducted regularly on strategic and other key risks. Key risk indicators are used extensively across the department. Best practices are achieved for risk management.
Systems and Intelligence	Critical information is not available. No capacity to track risk management and exposure through incidents and events. No capacity to evaluate operational controls and compliance. Risk compliance and performance measured sporadically. Manual risk reporting with limited data integrity. No capability to conduct risk analytics.	A range of systems used with minimum tailoring capability. No integration of risk systems. Reports produced from various systems in excel and/or word. Limited analytics on historical data. Compliance and performance measured manually on an annual basis.	Some capacities to track key milestones and compliance. Coverage of data is not extensive and not real time. Some availability of risk incidents, issues and trend reports are available. Risk analytics process is not fully implemented across the organisation.	A single main enterprise risk management system is in place. High quality reporting of risk incidents, issues and activity is available through enabling technology solutions. Improved controls and compliance reporting is available for resource deployment and decision making.	Highly automated and reliable information sharing capability department-wide, enabling quick response, remediation and mitigation or risk incidents/issues. Fully integrated and advanced enterprise risk management system is implemented and adopted by all staff. Use of sophisticated tools and data collection is undertaken to quantify risks and controls. Predictive analytics are used extensively across the risk management framework.
Monitoring and Review	Corporate Executive and senior management have no, or a very small level of involvement in risk related matters. No risk compliance or performance monitoring methodology. No process for continuous improvement for risk management in the organisation. Unable to achieve predictive analysis.	Simple tools used inconsistently. Risk management often captured on spreadsheet and risk control strategies reliant on "word of mouth" delivery. Some areas of the organisation use risk incidents and issues to develop actions but are applied inconsistently.	Formalised risk monitoring and review methodologies allow improved analysis and response for critical decision making. Effective system of formal risk incident reporting and tracking and data repositories. Formal escalation process for risk related matters exist but not fully operational.	Targeted and specialized programs focusing on risk elimination of root causes of loss/risk incident implemented. Exception reporting and predictive analysis improved resource allocation.	Aligned strategic methodologies that emphasis continuous improvement exists. Fully implemented formal escalation processes for all key risks across the organisation on a real time basis is fully implemented and working. Risk appetite delegations exist for all levels of the agency and used as a basis for risk acceptance or rejection. Corporate executive and senior management oversight and monitoring is active and visible to staff and stakeholders
Culture	No formal risk management and mitigation strategies. There is no clear ownership of risks and controls. Risk management serves to achieve organisational compliance. Risk management is considered a hindrance and an overhead.	Corporate Executive discusses some risk matters but there is no specific agenda item for risk. Some risks do not have specific owners. Poorly communicated, risk management may be misunderstood and taken as proxy for conservatism and risk avoidance. Some risk related KPIs exist while most are qualitative.	Systematic risk monitoring occurs. The Enterprise risk management framework includes the requirement for all risks and controls to have an assigned owner. Most employees are neutral regarding the value of risk management as it is not fully understood or practiced. Process of including risk related staff KPIs are not fully embedded.	Corporate Executive has a specific focus on risk management. Risk incidents are dealt with consistently. Risk management is an explicit part of business planning. Effective education and communication strategies integrated into the department's governance and risk programs.	Risk profiles linked to corporate and strategic goals. Corporate executive and senior management lead in risk management awareness and adoption across the department. Key risk indicators are related to strategic and corporate goals. Risk is considered an opportunity as well as a threat. Risk management is seen as an enabler. Staff have component of their individual job descriptions and Performance and Development Agreements related to risk.

- ¹ The first line of defence is provided by front line staff and operational management. The systems, internal controls, the control environment and culture developed and implemented by these business units is crucial in anticipating and managing operational risks.
- The second line of defence is provided by the risk management and compliance functions. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing and monitoring risks.
 - The third line of defence is provided by the internal audit function. This function provides a level of independent assurance that the risk management and internal control framework is working as designed.

5.2 EXTERNAL AUDIT INTERIM MANAGEMENT LETTER 2018/19**TRIM Ref:** D19/74343**Authors:** Vanisha Govender, Manager Financial Services
Meluka Bancroft, Manager Governance, Property and Contracts**Authoriser:** David MacLennan, Chief Executive Officer**Attachments:** 1. External Audit Interim Management Letter 2018/19 **RECOMMENDATION:**

That the Audit Committee:

1. **NOTES** the external audit interim management letter for 2018/19 at Attachment 1; and
2. **APPROVES** the addition of the findings and recommendations to the City's audit log.

COMMITTEE DECISION ITEM 5.2**Moved:** Mr Manifis, **Seconded:** Cr Topelberg

That the recommendation be adopted.

CARRIED UNANIMOUSLY (4-0)**For:** Cr Loden, Mr Manifis, Cr Gontaszewski and Cr Topelberg**Against:** Nil



City Of Vincent Records
RECEIVED

06 JUN 2019

CTN Ref: _____
REC No: _____



Our Ref: 8382

Mr David MacLennan
Chief Executive Officer
City of Vincent
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LEEDERVILLE WA 6902

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469 Wellington Street, Perth

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PO Box 8489
PERTH WA 6849

Tel: (08) 6557 7500
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Email: info@audit.wa.gov.au

Dear Mr MacLennan

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2019**

We have completed the interim audit for the year ending 30 June 2019. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management Control Issues

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

An audit is not designed to identify all internal control deficiencies that may require management's attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the Mayor. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7674 if you would like to discuss these matters further.

Yours faithfully

ARAM MADNACK
DIRECTOR FINANCIAL AUDIT
5 June 2019

Attach

ATTACHMENT

CITY OF VINCENT
 PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2019
 FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Interest on trust funds	✓		
2. Reconciliation of payroll to the general ledger not reviewed		✓	
3. Journals not independently reviewed		✓	
4. Purchase order dated after invoice date		✓	
5. Fixed Assets below \$5,000	✓		

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

CITY OF VINCENT
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Interest on trust funds**Finding**

We noted that interest earnings on trust fund moneys were not retained in trust or provided back to the entitled recipient on return of their moneys. Rather the City keeps these earnings as their own.

The *Local Government Act 1995 (Act)* requires:

Where money or other property is held in the trust fund, the local government is to - in the case of money, pay it to the person entitled to it together with, if the money has been invested, any interest earned from that investment.

We note that Management have identified this issue and as of February 2019, have withdrawn all investments of trust funds, and transferred these trust monies to non-interest bearing accounts.

**Rating: Significant
Implication**

In retaining interest earned on invested trust fund moneys, the City is keeping and utilising moneys that it is not entitled to under the Act.

As a further consequence, the disclosure of trust fund money within the annual financial report is not accurate.

Recommendation

The City needs to account and manage trust fund moneys and associated interest in accordance with the Act.

The City should undertake the necessary steps to identify any obligations it has to return moneys that it has incorrectly retained from the current and previous years.

The City must also quantify the cumulative effect of the interest earned and may be required to perform a prior year adjustment to reduce income and cash balances accordingly.

Management Comment

The City is investigating if the trust ledger can be reconstructed to include all trust transactions for the past 10 years. This will include consultations with CIVICA.

In the interim, the City shall transfer \$350,000 from the Municipal funds to Trust to reflect the realistic probability that customers will request a refund of their interest.

Responsible Person: Manager Financial Services
Completion Date: October 2019

ATTACHMENT

CITY OF VINCENT
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Reconciliation of payroll to the general ledger not reviewed**Finding**

There was no evidence that payroll reconciliations were being independently reviewed.

This finding was also noted in the June 2018 interim management report.

Rating: Moderate**Implication**

If this important reconciliation is not reviewed, significant errors may go undetected. This could have various consequences, including misreporting to Council and in the annual financial report.

Recommendation

The payroll reconciliations should be subject to supervisory review and sign-off.

Management Comment

The Finance team reconciles the payroll suspense account however there is no formal sign-off process. Therefore, a formal sign-off process will be introduced hereon.

Responsible Person: Coordinator Financial Services

Completion Date: June 2019

ATTACHMENT

CITY OF VINCENT
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2019
FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Journals not independently reviewed

Finding

We noted no evidence of review of monthly journals processed by an independent officer.

Rating: Moderate

Implication

If journals are not independently reviewed and approved, there is a risk that erroneous or fraudulent transactions may pass undetected. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

Recommendation

Although journals are reviewed when prepared and posted, we recommend that an independent senior officer perform a sample review of the monthly list of journals processed, to ensure appropriate procedures have been followed when journals were initially prepared.

Management Comment

All journals are being reviewed when prepared and posted by a senior officer.

Moreover, the system generated journals register report will be reviewed and signed off as part of the month end process by an independent senior officer.

Responsible Person: Manager Financial Services
Completion Date: June 2019

ATTACHMENT

CITY OF VINCENT

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Purchase order dated after invoice date**Finding**

During our sample testing of payments made throughout the year, we identified an instance where the authorised purchase order was dated after the date of the corresponding supplier's invoice.

A similar finding was also noted in the June 2018 interim management report.

Rating: Moderate**Implication**

There is no evidence that the ordering of goods was approved prior to ordering.

Recommendation

Purchase orders should be approved for all applicable items prior to ordering.

Management Comment

Mandatory online procurement training was provided to all staff at the start of April 2019 to reinforce the importance of following the correct procurement procedures including raising purchase orders prior to the ordering of goods and/or services.

The Procurement and Contracts team will conduct monthly audits on purchase orders raised after invoices being received commencing from May 2019 with the intent to remove requisitioning abilities from officers who repeatedly (i.e. three or more times) do not adhere to the correct process.

Responsible Person: Procurement & contracts Officer

Completion Date: October 2019

ATTACHMENT

CITY OF VINCENT

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Fixed Assets below \$5,000**Finding**

From 1 July 2018, Regulation 17A(5) of the *Local Government (Financial Management) Regulations 1996* now requires assets with a fair value at the date of acquisition of less than \$5,000 to be excluded from the assets of a local government entity.

We noted that the City's capitalisation threshold for expenditure on items of equipment has been \$1,000.

**Rating: Significant
Implication**

Non-compliance with Regulation 17A(5) of the *Local Government (Financial Management) Regulations 1996* and risk of misstatement of fixed assets in the financial report.


Recommendation

Management should review the asset register and ensure any assets acquired with a fair value under \$5,000 are excluded from the register.

Management Comment

Noted. Management is in the process of identifying and removing all assets below \$5000 from the assets register.

Responsible Person: Manager Financial services
Completion Date: September 2019

5.3 REVIEW OF THE CITY OF VINCENT AUDIT LOG**TRIM Ref:** D19/74349**Author:** Natasha Brooks, Governance and Council Support Officer**Authoriser:** Meluka Bancroft, Manager Governance, Property and Contracts**Attachments:** 1. Audit Log **RECOMMENDATION:**

That the Audit Committee NOTES the status of the City's Audit Log at Attachment 1.

COMMITTEE DECISION ITEM 5.3**Moved: Mr Manifis, Seconded: Cr Gontaszewski**

That the recommendation be adopted.

CARRIED UNANIMOUSLY (4-0)**For:** Cr Loden, Mr Manifis, Cr Gontaszewski and Cr Topelberg**Against:** Nil

AUDIT DETAILS	MANAGEMENT RESPONSE	ACTION	PROPOSED COMPLETION DATE
<p>IA: 2015/3 2.3 Internal Audit 2015 - Payroll</p> <p>Findings: Written payroll procedures were not formalised and based on an organisation wide standard template.</p> <p>Recommendation: Payroll procedures should be documented based on an organisation wide template. The procedures should be reviewed and updated as required. This will allow employees to clearly understand their roles and responsibilities within predefined limits and allow management to guide operations without constant management intervention, as well as help ensure staff involved give due consideration to appropriate risk management for processing the payroll.</p> <p>Risk Rating: Low</p>	<p>Responsible Officer: Executive Manager Human Resources</p> <p>The Payroll Officer currently maintains two sets of procedures – a lengthy step by step instruction and an abridged version.</p> <p>The MFS and the MGR will work with the rest of the organisation to develop and implement a standard process for the development, approval, appropriate storage/access and standard template for administration procedures.</p>	<p>Action Item 7.1</p> <p>The MFS and the MHR will work with the rest of the organisation to develop and implement a standard process for the development, approval, appropriate storage/access and standard template for administration procedures.</p> <p>November 2015 A standard template for Administration Procedures (D16/121564) has been developed along with standard guidelines for development, approval and storage (D16/121564).</p> <p>March 2017 An additional payroll support officer commenced on 7 March 2017 which has provided the capacity to address this item. Proposed new timeframe - August 2017.</p> <p>July 2017 A Payroll procedure and working instructions are currently being drafted. On track for proposed completion date.</p> <p>September 2017 A payroll procedure and working instructions have been drafted and are being reviewed by the Manager HR. These will be reviewed by the CEO for approval along with all of the HR policies.</p> <p>November 2017 Payroll procedure working instructions have been drafted and are being reviewed by the Manager HR. Proposed new timeframe – 31 December 2017.</p> <p>March 2018 Payroll procedure working instructions have been drafted and have been reviewed by the Manager HR. These are required to be transitioned into the standard format for all HR work instructions which is targeted to be completed by June 2018.</p> <p>July 2018 Payroll procedure working instructions are still to be finalised, and have been delayed due to HR team workload. This is the first priority to be completed post year end activities. Proposed new timeframe – September 2018.</p> <p>October 2018 Progress has been made towards finalisation of appropriate payroll procedures, however the continuing HR team workload has impacted on the priority of this task. Proposed new timeframe – December 2018.</p> <p>January 2019 Internal Audit Payroll will commence in February 2019 and include Beatty Park. Proposed new timeframe – March 2019.</p> <p>March 2019 Audit commences end March. New HR Manager will review all payroll processes.</p>	<p>30/06/2019</p> <p>31/03/2019</p> <p>31/01/2019</p> <p>31/12/2018</p> <p>30/09/2018</p> <p>30/06/2018</p> <p>31/12/2017</p> <p>31/08/2017</p>
<p>IA: 2018/5 1b Purchasing, payments and credit cards - Purchases</p> <p>Findings: We obtained and reviewed all quotes where quotes were required. We ensured the quotes for the supply of goods or services were adequate and matched the purchase order raised and invoice paid.</p> <p>Recommendation: We noted nine items, the City did not obtain the required number of written quotes as specified in the purchasing policy.</p> <p>Failure to obtain the required number of quotes reduces the City's ability to obtain goods and services at the most competitive rate or best value for money.</p> <p>We recommend the City obtain the required number of quotes where required as well as adequately documenting where quotes have been obtained. We may also recommend the City implement a procedure which documents the decision making process in considering and selecting quotes.</p> <p>Risk Rating: Medium</p>	<p>Responsible Officer: Procurement Officer</p> <p>Agreed.</p>	<p>The City will incorporate into its purchasing procedures:</p> <ol style="list-style-type: none"> 1) A requirement to document the decision making process in considering and selecting quotes. 2) A process for identifying and escalating instances of non-compliance with respect to obtaining quotes. 3) Investigate systems changes to Authority to enable explanation /clarification of decision-making. <p>July 2018 1) Complete. 2) On track in line with completion timeframes. 3) Investigating system processes to prevent non-compliance occurring.</p> <p>September 2018 Will be undertaken by newly appointed Procurement Officer. Proposed new timeframe – November 2018.</p> <p>January 2019 2) Complete. 3) System and training elements still to be progressed. Proposed new timeframe – March 2019.</p> <p>March 2019 Increasing awareness of requirements surrounding quotations, however system changes are not able to be undertaken due to other system priorities. Proposed new timeframe - August 2019.</p>	<p>31/08/2019</p> <p>31/03/2019</p> <p>30/11/2018</p> <p>31/08/2018</p>
<p>EA: 2018/3 Interim Audit 2018 - Purchase Orders after invoice date</p> <p>Findings: Whilst testing purchases, we noted 1 instance in a sample of 8 where the purchase order was dated after the invoice date.</p> <p>Recommendation: To help ensure proper budgetary controls, compliance with the City's purchasing policy, goods invoiced are ordered and prices invoiced were as quoted, purchase orders should be issued prior to goods/services being sourced. They should also contain all the necessary details in relation to them (including quantity and price).</p> <p>Risk Rating: Medium</p>	<p>Responsible Officer: Procurement Officer</p> <p>Management is aware of this issue as it was discussed in FY2017 audit.</p>	<p>The Finance team is implementing a new process whereby an officer is responsible for obtaining an explanation of non-compliances. Repeated non-compliance will result in escalation to executive management and potentially loss of procurement responsibilities for the offender.</p> <p>September 2018 Will be undertaken by newly appointed Procurement Officer. Proposed new timeframe – October 2018.</p> <p>January 2019 Procurement Officer to update procedures. Proposed new timeframe – June 2019.</p> <p>March 2019 Increasing awareness of requirements surrounding quotations, however system changes are not able to be undertaken due to other system priorities. Proposed new timeframe - August 2019.</p> <p>June 2019 All staff have completed purchasing training which reinforces the importance of raising a PO prior to an invoice. The Procurement Team are conducting monthly audits beginning May 2019 to identify non-compliance and seek explanations.</p>	<p>Complete</p> <p>30/06/2019</p> <p>31/10/2018</p> <p>30/09/2018</p>

AUDIT DETAILS	MANAGEMENT RESPONSE	ACTION	PROPOSED COMPLETION DATE
<p>EA: 2018/5 External Audit 2018 - Fixed Asset Register</p> <p>Findings: As a result of the revaluation process a number of the non-current assets recorded in the City's asset register were identified as not actually being City assets. These have been corrected and documented accordingly in the Financial Report as at 30 June 2018.</p> <p>Recommendation: To help ensure non-current assets are fairly stated in the Financial Report and asset management practices are improved, in addition to reconciling the Fixed Asset Register to the General Ledger, management should perform periodic physical inspections of all material assets and related documents to ensure existence and ownership of assets.</p> <p>Risk Rating: -</p>	<p>Responsible Officer: Manager Finance</p> <p>A more robust asset management system is being investigated and implemented by Administration, with a due date of April 2018.</p>	<p><u>January 2019</u> A more robust asset management system is being investigated and implemented by Administration. Expected timeframe—April 2018.</p> <p><u>March 2019</u> Manager Finance is considering a process to reconcile assets as a system solution is not planned for the future. Proposed new timeframe - September 2019.</p>	<p>30/09/2019</p> <p>30/04/2019</p>
<p>EA: 2018/8 External Audit 2018 - Asset Sustainability Ratio</p> <p>Findings: The asset sustainability ratio is below target and is reflecting that the City is not investing sufficient monies in upgrade/new assets.</p> <p>Recommendation: -</p> <p>Risk Rating: -</p>	<p>Responsible Officer: Director Engineering</p> <p>Noted, Administration will be engaging a consultant to update the City's asset management plans. This work is expected to be completed by April 2019.</p>	<p><u>January 2019</u> Administration will be engaging a consultant to update the City's asset management plans. Proposed timeframe - April 2019.</p> <p><u>June 2019</u> Consultant has not yet provided the City's asset management plans. Proposed new timeframe - end June 2019.</p>	<p>30/06/2019</p> <p>30/04/2019</p>
<p>Asbestos Review 2019 LGIS Asbestos Register Review</p> <p>Findings: The City is currently in breach of OSH legislation as they have not developed and implemented an Asbestos Management Plan (Plan).</p> <p>Register ACM - The document provided by the City to LGIS for review and feedback has identified some asbestos within the workplace however this is incomplete.</p> <p>Recommendation: In order for the City to meet legislative requirements a Plan should be developed to state the City's clear goals to provide a workplace free of ACM and any health hazards associated with asbestos. The Plan should be effectively implemented within the City and communicated to relevant parties.</p> <p>Currently the document is missing key components that must be included within a register. As a minimum an asbestos register should include the following:</p> <ul style="list-style-type: none"> - Dates - Location, type, condition, equipment - Material, access, testing - Risk assessment - Control measures - Maintenance <p>Risk Rating: -</p>	<p>Responsible Officer: Director Engineering</p> <p>City to engage LGIS to update the City's asbestos register to comply with Occupational Safety and Health legislation.</p>	<p>Review of the City's asbestos register.</p> <p><u>March 2019</u> Review completed to comply with OSH legislation.</p> <p><u>April 2019</u> At its meeting on 9 April 2019, the Audit Committee requested Administration to reopen this item and provide further advice prior to October 2019 detailing how the City's asbestos management framework will meet legislative requirements.</p>	<p>30/09/2019</p>

6 GENERAL BUSINESS

Mr Manifis noted that he would be an apology for the next meeting on 27 August 2019.

7 NEXT MEETING

27 August 2019

8 CLOSURE

1.58pm

These Minutes were confirmed by the Audit Committee as a true record and accurate of the Audit Committee meeting held on 11 June 2019.

Signed: -  | Cr Dan Loden

Dated this 27 day of August2019