MINUTES OF MEETING

INTERNAL AUDIT & RISK ADVISORY COMMITTEE

HELD ON WEDNESDAY 6 OCTOBER 2015

NOTE: All minutes are subject to confirmation at a subsequent Council or Planning and Strategy Committee meeting.

PRESENT:

Councillors	
Clr Jean Hay	Mayor, Manly Council
Clr Hugh Burns	Manly Council
Clr Candy Bingham	Manly Council
Other Representatives	
John Gordon	Community Member - Chair
Brian Hrnjak	Community Member – 9.15am
Council Staff	
Michael Quirk	Head of Internal Audit, North Shore Councils
Anthony Hewton	Executive Manager, Corporate Services Support
Jenny Nascimento	Chief Financial Officer
Lynne Jess	Minute Taker

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit & Risk Committee (the Committee)** met on 6 October 2015, to consider the matters referred to it and now provides the following advice to Council.

		ACTION
ITEM 1	The meeting commenced at 9.05am The Chair John Gordon welcomed the members and asked for any apologies.	
ITEM 2	**DECLARATIONS OF INTEREST** Brian Hrnjak advised he had a non-pecuniary interest in premises at 8/9 15 Central Avenue Manly.	
ITEM 3	**CONFIRMATION OF MINUTES** The Minutes of the meeting held on 3 June 2015 were confirmed. The above minutes went to Council’s Ordinary meeting on	

3 August 2015 for notation.

Moved: Clr Hugh Burns
Seconded: Mayor Hay

ITEM 4 **The Draft General Purpose Financial Statements for the year ended 30 June 2015 - Presentation by External Auditor (Hill Rogers Spencer Steer)**

The External Auditor, Garry Mottau from Hill Rogers Spencer Steer provided a briefing of his report to the Committee on the General Purpose Financial Statements for the year ended 30 June 2015 and reported on their findings.

A detailed run through of the General Purpose Financial Statements and accompanying notes followed Mr Mottau's presentation.

As required by legislation, a copy of the annual Financial Statements was forwarded to the Office of Local Government on 2 October 2015.

A copy of the Financial Statements has also been circulated separately to all Councillors.

In accordance with Section 420 of the Local Government Act, any person may make a submission to Council within seven (7) days after the Statements are presented to the Council.

In relation to the accounts:

- The Chair advised that the Financial Accounts had been lodged with the OLG.
- Clr Bingham asked why the financial accounts had been lodged when they were not required to be lodged until 31 October 2015.
- The General Manager as well as the Chief Financial Officer explained that lodgement with OLG was a statutory process and advised that the role of the Committee was to review the statements after they have been prepared. **AH**
- The General Manager advised if there was a need for the accounts to be updated an amendment can be submitted to the OLG if Council have any issues with them.

The Chair requested that correspondence re audit findings received from the Auditors of 23 February and 22 June and sent to the General Manager, be distributed to the Committee.

Council's External Auditor gave the Committee an assurance that they formed the conclusion that they were able to obtain enough information to provide an 'unmodified' audit opinion.

Clr Bingham questioned the amount spent on infrastructure and asked what had been sold. Council's CFO briefed the Committee on this item.

Clr Burns also queried the borrowings of $12 mil and Council's CFO provided the breakdown to the Committee (which was also subsequently provided to the Ordinary Meeting of Council).

The Chair asked the External Auditor if there were any outstanding reconciliations, confirmations or other matters relating to the Financial Statements and was advised there was nothing outstanding by the Auditor and CFO. **GM**

The Chair also asked the General Manager that he consider if note disclosures in the Financial Statements should be made regarding local government reform / "Fit for the Future" developments which may impact on Council's operations in the future.

The General Manager advised he would seek the External Auditor's opinion on this.

Clr Bingham asked at this juncture for information on expenditure in relation to the Manly Boy Charlton Swim Centre upgrade and also in relation to the Manly2015 Masterplan. The Chair indicated that these matters were best put directly to the General Manager as previously advised by staff. Clr Bingham advised the Committee she was resigning from the committee and left the room (and was not present for the rest of the meeting).

The Chair acknowledged Clr Bingham's input during her time on the Committee (Mr Hewton subsequently referred this matter to the secretariat for their notation). **Sec-retariat to Note**

Returning to the Annual Financial Statements, the Chair thanked the External Auditor, Mr Mottau from Hill Rogers Spencer Steer for their briefing of the Committee. The Chair also noted the sound work undertaken by Council's Finance Team in producing Financial Statements of a high standard and on time.

Recommendation:

1. That the Internal Audit and Risk Committee receive and note the Draft General Purpose Financial Statements for the year ended 30 June 2015 - Presentation by External Auditor (Hill Rogers Spencer Steer) and noted they will go to Council's October Ordinary Meeting for adoption.
2. That the General Manager give consideration to feedback provided by the Committee.

ITEM 5 **Report on Overall Internal Audit Program**

The Internal Auditor spoke to the report; and advised the following:

Status of Audit Program

- Updated fieldwork is being undertaken for the current Audit of Compliance and Enforcement Policy

Completed Audits in the Current Period

- Audit of Data Security
- Audit Domestic Waste

Recommendation:

The Committee recommends to Council that;

1. The Internal Auditor's Report on the Internal Audit Program be received and noted.

ITEM 6 **Internal Auditor's Report on Data Security**

The Internal Auditor spoke to his written report on Data Security.

Council's Internal Auditor, Michael Quirk advised that Manly Council have a very strong information culture which is led by the General Manager, Chief Information Officer and Technology Infrastructure Manager.

Michael Quirk also advised there was a good strong programme of annual and quarterly testing of various components to reduce incidents arising.

The General Manager advised anyone that has access to a screen is a potential risk. It's important the information is handled in the correct manner.

Refer to report for full details - Council has developed a good IT (Information Technology) data security framework. The data security control structure is well supported by competent IT professionals. The day-to-day data security administration function has been delegated to dedicated IT security staff. On a regular basis the Technology Infrastructure Manager provides data security updates to the Chief Information Officer. The Chief Information Officer also has a responsibility to closely monitor part of the data security control system on a daily basis.

The audit identified specific items that require management action and provided 4 minor recommendations and one moderate recommendation for improvement.

Recommendation:

The Committee recommends to Council that;

1. The Internal Auditor's Report on Data Security at Manly Council be received and noted; and

2. The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 7

Internal Auditor's Report on Domestic Waste Services

The Internal Auditor spoke to his written report on the Domestic Waste Services and provided information on his findings.

Key areas for improvement

- Safe working method statements
- Bi-monthly reporting to Senior Management can be improved with additional statistics on the KPI's and keeping them up to date;
- Complaints management – discerning between complaints and request for service.

Recommendation:

The Committee recommends to Council that;

1. The Internal Auditor's Report on Domestic Waste at Manly Council be received and noted; and

2. The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 8

Internal Auditor's Report on Implementation of Audit Recommendations

The Internal Auditor spoke to his written report and discussed its findings of the Audit.

- 290 recommendations to Council management for improvement in 29 reports provided.

Recommendation:

The Committee recommends to Council that:

1. The Internal Auditor's Report on the Implementation of audit Recommendations be received and noted.

ITEM 9 **General business**

With local government reform a key part of the NSW State Government's plans, and amalgamations anticipated in the future the Chair asked if the General Manager may brief the committee on considerations relevant to their charter on these matters.

The General Manager advised that we would not have any further information until possibly December 2015 but that he would keep the Committee appraised on any new developments going forward.

ITEM 10 **Date of next meeting:**

Dates: Tuesday 1st December 2015

Venue: Councillors' Room, Manly Town Hall,
1 Belgrave Street, Manly

Time: 8.30am

The meeting closed at 11.27am