MINUTES OF MEETING

AUDIT AND RISK COMMITTEE

HELD TUESDAY 20 MARCH 2012

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

PRESENT:

Councillors

Cllr Cathy Griffin	Manly Council
Cllr Adele Heasman	Manly Council

Other Representatives

John Gordon	Community Member (Chair)
Brian Hrnjak	Community Member

Council Staff

Ross Fleming	Deputy General Manager, PPI
Anthony Hewton	A/Executive Manager Corporate Services
Michael Quirk	Head of Internal Audit, North Shore Councils
Kathy Fuller	Minute taker

Invited Guests

Nil

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit and Risk Committee (the Committee)** met on the 20th March 2012, to consider the matters referred to it and now provides the following advice to Council.

		ACTION
OPEN	The meeting commenced at 3.35pm.	
ITEM 1	**APOLOGIES AND LEAVE OF ABSENCE** Cllr Burns was absent from the meeting.	
ITEM 2	**DECLARATION OF INTEREST** There were no declarations of interest declared by those present.	**For notation**
ITEM 3A	**CONFIRMATION OF MINUTES** The minutes of the Committee meeting held 22nd November 2011 were confirmed. Moved: Cllr Cathy Griffin Seconded: Brian Hrnjak	

The Minutes of the Audit and Risk Committee held on the 22nd November 2011 were adopted at Council's Meeting held on 6th February 2012 as Resolution PS06/12.

ACTION

Recommendation:

The Committee resolved that the minutes of the Committee meeting held 22nd November 2011 be confirmed.

For notation

ITEM 3B BUSINESS ARISING

The Mayor Jean Hay attended the start of the meeting to formally resign from the Committee based on Recommendation 2 of the Division of Local Government's *Promoting Better Practice Report – Manly Council*, December 2011, that is:

> *"Council should review the constitution of its Audit Committee taking into account the Division's Internal Audit Guidelines under section 23A of the Act."*

The Mayor also informed the Committee that Cllr Heasman had agreed to replace her on the Committee for the remainder of the term of Council.

On behalf of the Committee, the Chair thanked the Mayor for her important contribution to the Committee and welcomed Cllr Heasman.

Recommendation:

The Committee resolved to:

i. accept the Mayor's resignation from the Committee;
ii. acknowledge the Mayor's participation on the Committee and thank her for her significant contribution in establishing and supporting the Committee;
iii. accept the nomination of Cllr Adele Heasman as a voting member of the Audit & Risk Committee.

IBM

ITEM 3C BUSINESS ARISING FROM PREVIOUS MINUTES

The Chair asked if there had been any follow up to his request from Item 4 in the previous minutes in terms of Council's Tender Review Panel and its role with regard to SHOROC Tenders.

DGM Ross Fleming reported that he had written to SHOROC suggesting that consideration be given to the establishment of a Regional Tender Review Panel.

DGM and Internal Audit to report back on any response from SHOROC

There was general agreement that the SHOROC Procurement Group should consider adopting the DLG Checklist. The Chair requested that Internal Audit follow up this matter with SHOROC.

The Chair also noted that Manly Council has a revised Procurement Policy on exhibition. This Policy replaces Council's Purchasing & Tendering Policy.

Recommendation:

The Committee resolved that:

i. The information be received and noted;
ii. Internal Audit follow up with SHOROC on the matter of adopting the DLG Checklist for Tendering and the establishment of a Regional Tender Review Panel.

ITEM 3D **BUSINESS ARISING FROM PREVIOUS MINUTES**

The Chair asked if there had been any follow up to his request from Item 8 in the previous minutes in regard to the Committee receiving a status report on Council's Enterprise-wide Risk profile.

The Executive Manager Corporate Services responded that this was listed for the next meeting.

ACTION

The Chair requested that for future meetings a staff member be invited to attend the Committee and present a briefing (no more than 15 minutes and no more than 2 slides) on their area of work. This should have a twofold benefit of affording the Committee an insight into some of Council's areas of operation whilst allowing staff to interact with the Committee and ask questions of the Committee thus de-mystifying the role of Internal Audit to some extent.

Following general discussion the Chair requested that the Risk Manager be invited to attend the next Committee meeting, followed at a subsequent meeting by Mr Chris Barnett who would brief the Committee on car parks and parking meters.

Recommendation:

The Committee recommends to the General Manager that the Risk Manager be invited to attend the next Committee meeting, followed at a subsequent meeting by Mr Chris Barnett who would brief the Committee on car parks and parking meters.

Staff to action

ITEM 4 **Internal Auditor's Report – Implementation Status on Actions Recommended from Previous Audits**

The Internal Auditor presented and spoke to his written report on the implementation status of the five completed audits.

The following points were made:

- Since the commencement of the Internal Audit Program in 2010, seven audits have been completed.
- Internal Audit informed the Committee that verification audits have been conducted on the two completed audits (Credit Cards and Legal Services);
- The Chair requested that for the next *Report on Implementation Status* an extra column be added to the summary table showing any "No Action Agreed" as per the Action Plan for Implementation of Recommendations Report on Cash Handling.
- The Chair requested that, where in instances of a realistic time frame for completion of actions not being met, this be included in the Internal Auditor's Report as overdue items.
- Cllr Griffin asked if a post-implementation review of the new TRIM Records Management system was planned. The Chair requested that Internal Audit and management discuss this matter with a view to including a post-implementation review of the new TRIM Records Management system in the Internal Auditor's Program for the 2013 financial year.

Recommendation:

The Committee recommends to Council that:

I. The Internal Auditor's Report on Implementation Status on Actions Recommended from Previous Audits be received and noted;
II. The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council;
III. The Internal Auditor and Manly Council management consider including a post-implementation review of the new TRIM Records Management system in a future Internal Audit Program; and
IV. The Committee acknowledges the significant amount of work done by Internal Audit on the review of internal controls and the responses provided by management.

ACTION

ITEM 5 **Internal Auditor's Report – Commercial Leasing Report**

The Internal Auditor spoke to his report and attached Executive Summary, and discussion followed.

He made the following comments:

- The scope of the audit was limited to leases on operational lands, none of which involved residential properties, and none of which are occupied by Council.
- Whilst the lease register is being well maintained, management of leases is a labour intensive process (typical of small councils).
- The audit provided three recommendations for improvement.

Recommendation:

The Committee recommends to Council that:

I. The Internal Auditor's Report on Commercial Leasing be received and noted; and
II. The Committee receives feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 6 **Internal Auditor's Report on Parking Management and Revenue**

The Internal Auditor spoke to his report and attached Executive Summary, and discussion followed.

He made the following comments:

- The scope of the audit was restricted to an examination of parking stations, parking meters and resident parking permits.
- The audit provided sixteen recommendations spread across the three areas of examination.
- Consideration should be given to a further review of the resident parking scheme in line with RTA Guidelines.

The Chair requested that the full Report be sent to each member of the Committee.

Recommendation:

The Committee recommends to Council that:

I. The Internal Auditor's Report on Parking Management and Revenue at Manly Council be received and noted; and

II. 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 the Internal Audit Program 2011-2012 **ACTION**

The Internal Auditor spoke to his written report on the Internal Audit Program 2011-2012.

He made the following comments:

- Internal Audit will be conducting a compliance audit of Competitive Neutrality at Manly, at the request of the General Manager.
- Fieldwork has concluded on the audit of Long Term Financial Plan.
- The overall program is slightly behind schedule but is likely to be delivered on target by year-end.
- Initial planning for the 2012-2013 Internal Audit Plan has commenced.

Recommendation:

The Committee recommends to Council that the Internal Auditor's Report on the Internal Audit Program for 2011-2012 be received and noted.

ITEM 8 GENERAL BUSINESS

ITEM 8.1 Status of the Committee

As the term of the current Council ends in September the Chair had sought clarification on the status of the Committee post September 2012.

After discussion, the Committee resolved to produce a report summarising the activities and achievements of the Committee to date for consideration at the next Committee meeting. Following review and approval, the report could be presented to Council. Further, it was resolved that in order to ensure continuity for the Committee for the 6/2012 Financial Statements and during the September elections, the next meeting would consider recommending to Council to amend the Audit Committee Charter to extend the terms of the independent members until the end of the financial year following the elections (30/6/2013 for the current term). In this way, continuity of the Committee is assured and the new Council has more time to then re consider the Committee membership.

Recommendation:

The Committee recommends to Council that the Chair prepare a report for the next Committee meeting as outlined above.

ITEM 8.2 Review of the Performance of the Committee

At the November 2011 Committee meeting the Chair requested that a short self-assessment survey instrument be circulated to nominated staff in preparation for his report to Council as per the Charter.

The Chair provided a handout summary of results of the survey (refer to Attachment 1). Some of the general comments arising from the survey included:

- *The Committee should continue to address its broader responsibilities.*
- *The Committee is somewhat restrained by the shared audit framework.*
- *The Committee could be improved with greater interaction from the GM.*
- *Regular presentations to the Committee on pertinent topics from management and external parties would be welcomed.*

ACTION

Recommendation:
The Committee recommends to Council that the Chair's summary report on the survey be received and noted.

ITEM 11 NEXT MEETING DATE:

Date: Tuesday 29 May 2012
Time: 3.30 pm
Venue: Councillors' Room

All to note revised date of next meeting

Meeting closed at 5.30pm