MINUTES OF MEETING

AUDIT AND RISK COMMITTEE

HELD TUESDAY 11 OCTOBER 2011

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

PRESENT:

Councillors

Cllr Hugh Burns	Manly Council (arrived 4pm)
Cllr Cathy Griffin	Manly Council (3.40pm to 4.40pm)

Other Representatives

John Gordon	Community Member (Chair)
Brian Hrnjak	Community Member

Council Staff

Jenny Nascimento	CFO
Ross Fleming	Deputy General Manager, PPI
Anthony Hewton	A/Executive Manager, Corporate Services
Michael Quirk	Head of Internal Audit, North Shore Councils

Invited Guest

Gary Mottau	Auditor, Hill Rogers Spencer Steer

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit and Risk Committee (the Committee)** met on 11th October 2011, to consider the matters referred to it and now provides the following advice to Council.

OPEN The meeting commenced at 3.40pm.

- Chairperson John Gordon explained this was a special meeting of the Committee to receive a briefing from Council's Auditors on the General Purpose Financial Statements (GPFS) for the year ended 30 June 2011.
- It was noted that the GPFS will be presented to a meeting of Council to be held on 17th October 2011.

ITEM 1	**APOLOGIES AND LEAVE OF ABSENCE** *Apologies were received from the following:* Mayor Jean Hay and Henry Wong, General Manager	**ACTION** **For notation**
ITEM 2	**DECLARATION OF INTEREST** There were no declarations of interest declared by those present.	**For notation**

ITEM 3 CONFIRMATION OF MINUTES

The minutes of the Committee meeting held 23 August 2011 were confirmed.

The Chair requested that the Outstanding Actions spreadsheet be circulated with the papers for the next meeting scheduled for 22 November 2011.

Recommendation

That the minutes of the Committee meeting held 23 August 2011 be confirmed. **For notation**

ITEM 4 Report – Annual Financial Statements

Gary Mottau from Hill Rogers Spencer Steer, Council's auditors provided a high level briefing for the Committee on the General Purpose Financial Statements (GPFS) for the year ended 30 June 2011.

Mr Mottau highlighted the key components of the GPFS as circulated with the Agenda.

Key areas discussed and spoken about included:

- As at 30 June 2011 Council had an operating surplus of $1.7M. The available working funds were $148,000.
- Expenses are increasing more than revenue.
- Cllr Griffin commented that the Environment Levy is for a fixed amount every year, therefore, allowing for inflation, there are fewer work programs that can be carried out each year.
- Rate arrears of $1.2M or 3.5% of the amount collectable compares well to the benchmark of 4%.

The Chair <u>tabled</u> an example of a summary sheet which he recommends for consideration for the 6/2012 GPFS, as a means of quickly and easily accessing key highlights of the GPFS.

A detailed run through of the GPFS and accompanying Notes followed Mr Mottau's presentation. Several queries were presented by the community representatives, and satisfactory answers were provided by the CFO. The Chair's concluding comment was that the budget was finely balanced though prudently managed.

Recommendation:

The Committee:

I. Thanked the Council's External Auditor and the Council's Finance Team for their work on producing General Purpose Annual Financial Statements of a high standard;

II Requested the CFO give consideration to producing an Executive Summary to the GPFS, highlighting key points; and

II. Received and noted the General Purpose Financial Statements for the year ended 30 June 2011, with a request that the CFO give consideration to the minor amendments as highlighted by the two community representatives during the meeting.

Meeting closed at 5.10pm

At the conclusion of the **Audit and Risk Committee (the Committee)** the Chair requested that the External Auditor Mr Gary Mottau and the Head of Internal Audit, Mr Michael Quirk meet separately with the Committee to provide feedback on Council's governance processes including operation of the Committee in accordance with the Committee Charter.

Further, the Committee resolved to make a self assessment report on and review of the Committee's activities over the past two years, as required by the Committee Charter, Sections 6.6 and 6.7. A suitable questionnaire will be developed by the Chair to facilitate this process.

The Chair provided these Notes arising from the meetings held with Mr Mottau and Mr Quirk. Whilst the discussions were intended to be confidential, it is appropriate to note that neither Mr Mottau nor Mr Quirk noted any matters of concern to the Committee that should be brought to the attention of Council. Feedback was on the whole, complementary regarding Council's internal control and governance processes.

Action: Chair to circulate suitable questionnaire for Committee self assessment.

Meeting Closed at 6pm