



MINUTES OF MEETING
AUDIT AND RISK COMMITTEE
HELD TUESDAY 23 AUGUST 2011

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

PRESENT:

Councillors

Cllr Jean Hay, AM, Mayor
Cllr Cathy Griffin
Cllr Hugh Burns

Manly Council
Manly Council (until 5pm)
Manly Council

Other Representatives

John Gordon
Brian Hrnjak

Community Member (Chair)
Community Member

Council Staff

Ross Fleming
Anthony Hewton
Michael Quirk

Deputy General Manager, PPI
A/Executive Manager Corporate Services
Head of Internal Audit, North Shore Councils

Invited Guests

Gary Mottau, Director

Hill Rogers Spencer Steer, Chartered Accountants

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit and Risk Committee (the Committee)** met on 23rd August 2011, to consider the matters referred to it and now provides the following advice to Council.

OPEN	The meeting commenced at 3.35pm.	ACTION
ITEM 1	APOLOGIES AND LEAVE OF ABSENCE No apologies were received for the meeting.	
ITEM 2	DECLARATION OF INTEREST There were no declarations of interest declared by those present.	For notation
ITEM 3	CONFIRMATION OF MINUTES The Chair opened the meeting by welcoming Mr Gary Mottau. The Chair then proceeded to review the minutes of the last meeting. The minutes of the Committee meeting held 31 st May 2011 were confirmed. Moved: Cllr Jean Hay Seconded: Cllr Cathy Griffin	

The Minutes of the Audit and Risk Committee held on the 31st May were adopted at Council's Meeting held on 18 July as Resolution 128/11.

The letter addressed to Cllr Norek informing him that he was no longer a member of the Committee was tabled (attached).

Recommendation:

The Committee resolved that the minutes of the Committee meeting held 31st May 2011 be confirmed.

For notation

ITEM 3.1

Business Arising

The Chair noted that the requested **Action List** relating to resolutions of the Committee, tracking actions arising, and progress towards completion was tabled at the meeting, and copies handed out. This Action List is to be signed off by the Committee at the beginning of each subsequent meeting.

The A/Executive Manager Corporate Services requested that the draft **GIPA Report** be deferred until the next meeting.

The Chair tabled a template for a **Conflict of Interest Declaration** form, (attached) for use by the two independent representatives on the Committee, which was discussed by the Committee.

The matter of the publishing of the Committee's Agendas and Minutes on Council's website was discussed. The A/Executive Manager Corporate Services agreed to follow this up, as it is stated in the Committee's Charter (sec 6.3) that the "Minutes of the meeting will be published by Council subject to any confidentiality requirements..."

Recommendation:

The Committee resolved that:

- I. The Action List for resolutions of the Committee become a Standing Item on the Agenda;
- II. The GIPA Report in draft be circulated with the Minutes, and listed on the Agenda for the next regular meeting;
- III. If the two community representatives present their completed Conflict of Interest Declarations, that these be added to the Pecuniary Interest Register, and thus become public documents;
- IV. The Minutes of the Meetings be published on Council's website, subject to any confidentiality requirements.

Moved: Cllr Hugh Burns Seconded: Cllr Cathy Griffin

ITEM 4

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 purpose of this report was to provide a high level report, with detailed and updated information on the implementation of recommendations provided as attachments to the report.

The following points were raised:

Cash Handling:

- Cllr Griffin sought and received clarification on 5.4: showers will be free at Swim Centre from 1 July;
- In relation to 7.6 Cllr Burns stated that he is not in favour of the recommendation aimed at reducing cash handling at remote sites as not everyone has eftpos credit card facilities and some people prefer to deal with cash for various reasons.

Records Management:

- The Chair sought and received clarification as to why the Records Management Action Plan for Implementation did not have a column for Risk Rating;
- The A/Executive Manager Corporate Services briefed the Committee on Council's decision re a new electronic records management system (TRIM). The Records Key Users Group has signed off on the new program. An Archivist has been employed to assist with re-cataloguing. The new system will comply with State Records Act requirements.
- The Chair commented that the implementation of new system should expedite the finalisation of a number of the outstanding action points against this Audit.

In relation to all the Action Plans, the Chair suggested that the Action Plan items be ordered in terms of Risk Rating. Internal Audit responded that the process is still being bedded down, and he will give this due consideration.

Recommendation:

The Committee recommends to the General Manager that:

GM

- I. The Internal Auditor's Report on Implementation Status on Actions Recommended from Previous Audits 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 4A Status Report on implementation of Recommendations of Tendering Audit

The Deputy General Manager, People, Place and Infrastructure provided the Committee with an update on the implementation of recommendations arising from the Tendering Audit. Attached to his report were draft forms designed to provide further guidance to staff evaluating Tenders and major quotations, and formalise the role of the Tenders Review Panel.

He discussed the need for Council to revise its current adopted Policy, to accommodate a more precise Policy with Guidelines attached, which will provide further guidance for staff evaluating Tenders into the future, eg a standard Conflict of Interest form, a Tender Evaluation Checklist, and Tender Review Panel Charter.

The Chair asked if it was common practice to have an external /independent on Tender Evaluation Panels. Internal Audit stated that if the Tender is significant it is worthwhile getting a Probity Advisor on board for the whole process; this decision being based on an assessment of high risk, or the need for a person with expert knowledge.

Recommendation:

The Committee recommends to the General Manager that::

GM

- I. The Report be received and noted;
- II. Staff bring back to the next meeting a report covering how criteria and weightings for individual Tenders are selected and applied; what procedures are in place if and when Council resolves to reject all Tenderers.

ITEM 5 Internal Auditor's Report on the Overall Internal Audit Program 2010-2011

The Internal Auditor presented and spoke to his written report on the Overall Internal Audit Program 2010-2011:

- There were no audits finalised in the current period.
- Fieldwork has been completed for *Audits of Payroll Data Integrity* and *EFT Payments*.
- Draft reports from these audits are being finalised and will be available for the next meeting of the Audit and Risk Committee. There were no major issues arising from these audits.
- Work has commenced on the *Audit of Commercial Leasing*, which is the last audit to be completed from the 2010/11 program.

Recommendation:

The Committee recommends to the General Manager that the Internal Auditor's Report on Overall Internal Audit Program 2010-2011 be received and noted.

GM

ITEM 6 Internal Auditor's Report on the Internal Audit Program 2011-2012

The Internal Auditor presented and spoke to his written report on the Proposed Internal Audit Program 2011-2012:

- Four of the six member Councils have recently agreed to the appointment of an additional auditor, and recruitment action for the position has commenced. Hoping for the position to commence mid to late October, on a contract basis.
- The impact of the additional staffing on the Internal Audit Program will see an increase in the number of planned audits, and the development of a "rolling program" of audits in high risk areas.
- The *Audit of Parking Management and Revenue* is the first audit in the 2011-2012 Program.
- There were no audits finalised in the current period.
- It is expected that the revised 2011-2012 Program, together with a long-term rolling program, will be available for the November meeting of the Audit and Risk Committee.

Recommendation:

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

GM**ITEM 7 Report – Audit Management Letter & Council's Response**

Mr Gary Mottau of Hill Rogers Spencer Steer (HRSS), Chartered Accountants spoke to this report. In the letter to Council from HRSS the following matters were raised:

- Master-file Maintenance
- Investment Policy
- Invoicing at the Swim Centre
- Recognition of other Structures, Other Assets and Community Land at Fair Value.

Recommendation:

The Committee recommends to the General Manager that the Report and attached correspondences be received and noted.

GM**ITEM 8 GENERAL BUSINESS****ITEM 8.1 Draft Audit and Risk Committee Annual Agenda**

The Internal Auditor spoke to his report and attached checklist:

- The Manly Council Audit and Risk Committee Charter requires that the Committee "agree to a forward meeting plan, including meeting dates and agenda items".
- The template provided by Local Government Victoria picks up on the roles and responsibilities from the standard local government audit committee template and tabulates them into a simple check-box for inclusion across the four (or more) audit committee meetings.
- The annual agenda template is an aide memoire for audit committee members, while assisting the Committee to be accountable for its responsibilities to Council.
- The annual agenda also aids in the forward preparation of Committee reports by Council officers.
- The Local Government Victoria template has been adjusted in the draft template (attached to the Report) to reflect reporting requirements in this State, and to eliminate a number of duplicates in the original template.

The draft agenda was considered and endorsed by the Committee, subject to minor amendments.

Discussion followed on The Chair's suggestion that an Annual Report on the Committee's activities be reported to Council. Whilst some committee members thought this was unnecessary the Mayor stated that this would bring all other Councillors up to date with the activities of the Committee.

The A/Executive Manager Corporate Services stated that it could be an item on the next Strategic Planning Workshop, due to be held in Oct/Nov.

Recommendation:

The Committee recommends to the General Manager that:

GM

- I. The report be received and noted;
- II. The Checklist be approved subject to minor amendments as discussed.

ITEM 8.2 Audit of Financial Statements

The Chair asked if any issues have arisen with regard to the Financial Statements being prepared by the External Auditor.

Mr Gary Mottau stated that he was reviewing the draft set of accounts this week, and that no problems had arisen to date.

It is anticipated that the Statements will be reported to the Council Meeting of 17 October. The Committee should meet one week prior to review the Statements.

Recommendation:

The information be received and noted.

All to note

ITEM 9**NEXT MEETING DATE:**

Date: Tuesday 11 October 2011

Time: 3.30 pm

Venue: Library Building Level 2 Meeting Room (please access via lift from Library ground floor)

All to note

Meeting closed at 5.15pm