MINUTES OF MEETING

AUDIT & RISK ADVISORY COMMITTEE

HELD ON WEDNESDAY 4 JUNE 2014

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

PRESENT:

Councillors

Jean Hay, Mayor AM	Manly Council
Clr Hugh Burns	Manly Council
Clr Candy Bingham	Manly Council

Other Representatives

John Gordon	Community Member - Chair
Brian Hrnjak	Community Member

Council Staff

Henry Wong	General Manager
Michael Quirk	Head of Internal Audit, North Shore Councils
Anthony Hewton	Executive Manager, Corporate Services Support
Helen Lever	Manager, Administration
Lynne Jess	Minute Taker

Invited Guests

Chris Ward	Corporate WH& S Coordinator

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit & Risk Committee (the Committee)** met on 4 June 2014, to consider the matters referred to it and now provides the following advice to Council.

ACTION

OPEN The meeting commenced at 3.00pm.

ITEM 1 APOLOGIES AND LEAVE OF ABSENCE
Clr James Griffin and Jenny Nascimento

ITEM 2 DECLARATION OF INTEREST
There were no declarations of interest declared by those present.

		ACTION
ITEM 3	**Presentation – Enterprise Risk Management** Chris Ward, Council's Corporate WH&S Coordinator presented and outlined Council's Risk Management procedures. (attached) The Committee noted that Mary Rawling's would deliver a presentation on Council's Risk Management System at the next meeting. The Committee thanked Mr Ward for his presentation and contribution to the meeting.	
ITEM 4	**CONFIRMATION OF MINUTES**	
4.1	**BUSINESS ARISING**	
	The Chair suggested a new item be added to future Agendas, titled "Other Business". This item will be used to cover occasional items not covered elsewhere on the agenda. From previous minutes: Item 9 – Point1 – Strategic Update – the Committee recommends to the General Manager to include a new standing item for either the General Manager or Council's Executive Manager, Corporate Services Support, to discuss any significant concerns, developments within Council since the previous meeting. Item 9 – Point 3 – discussion regarding policy on external publication of reports as part of Audit Committee Charter. It was noted that this Council already publish the full agenda (including summary reports on its website) and to this extent do more than most other Councils in terms of transparency and information. The Minutes of the Committee meeting held on 5 March 2014 were confirmed. Moved: Clr Hugh Burns Seconded: Clr Mayor Jean Hay AM The above minutes went to Council's Ordinary meeting on 2 June 2014 for notation. The General Manager Mr Wong left the meeting at 3.45pm.	Secretariat
ITEM 5	**Overall Internal Audit Program** The Internal Auditor presented and spoke to his written report and the following highlight points were discussed. • Audit of Purchasing, finalised • Audit of IT Projects report to next meeting • Commencing shortly Audit of Work Health & Safety and Audit of Community Properties. • Payroll Data- need more information before the work can be finalised • Currently liaising with Anthony Hewton, Council's Executive Manager, Corporate Services Support on Manly 2015 project developments.	

- Michael Quirk engaged to provide probity advice on this project.
- The 2013/2014 program is a little behind schedule.

Recommendation: **ACTION**

The Committee recommends to Council that:

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

ITEM 6 Report on Purchasing by Internal Auditor

The Internal Auditor presented and spoke to his written report entitled *Purchasing by Internal Auditor.*

Discussion took place on Council's current purchasing process and Helen Lever, Council's Manager Administration spoke on Council's purchasing procedure and advised a Working Group had been established to resolve any issues.

The Chair raised the following matters:

- market testing;
- pleased with progress following audit outcomes as outlined by Ms Lever; and
- Request for Ms Lever to update the Committee in 6 months with regards this function.

Recommendation:

The Committee recommends to Council that:

1. The Internal Auditor's Report on Purchasing at Manly Council be received and noted; and
2. The Committee to receive feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 7 Report on Proposed 2014-2015 Internal Audit Program

The Internal Auditor presented and spoke to his report and circulated a copy of the long-term plan. Special mention was made re:

- The planned audit of data security was most relevant. Management of data security against new standards will be challenging;
- "Digital information – Security Policy" (NSW Government Policy) The Chair noted this policy was being implemented by NSW Government agencies and may have useful content for Mr Quirk's exercise. This policy was proving to be a compliance challenge for the NSW Government agencies; and
- The Committee discussed the risks associated with the joint

operations and the planned developments at Kimbriki.

Recommendation:

The Committee recommends to Council that:

1. The North Shore Council's Internal Audit Program proposed for 2014-2015 be adopted by Manly Council as presented in the report; and

2. Request for a new report on Kimbriki program be prepared and presented to the Committee on Alternate Waste Project and associated risks to Council. — Stephen Clements

ITEM 8 Report on Committee Agenda Schedule — **ACTION**

The Internal Auditor presented and spoke to his report entitled *Committee Agenda Schedule* and the following points were raised:

- Looking where our Internal Audit is and use this as a benchmark
- Monitor Audit satisfaction from Council's perspective, move to Quarter 3)
- Review whistle blowing arrangements and reports needs to be reviewed quarterly (tick in all boxes)
- Committee requested a new standing item in relation to data on Public Interest Disclosure (PID).

Recommendation:

The Committee recommends to Council that:

1. The Internal Auditor's Report on the Audit & Risk Committee Annual Agenda be received and noted; and

2. Consideration be given to offering a Councillor information session in relation to the Audit and Risk Committee in coming months. — Anthony Hewton

ITEM 9 Implementation of Audit Recommendations

The Internal Auditor spoke to his written report on the *Implementation of Internal Audit Recommendations*. The purpose of this report was to provide recommendations for management action with a rating system for each recommendation based on the risk related to the Audit finding.

The Internal Auditor advised they had provided over 210 recommendations to Council management for improvement in 20 reports and provided a current report with comparisons with the previous period report. Any items that were recently completed had been left on and will be removed after noting by the Committee. The Committee noted the significant effort that had been made by Management to embrace internal audit and response to implementing the recommendations for improvement.

Recommendation:

The Committee recommends to Council that:

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

ITEM 10 NEXT MEETING DATE

The Committee will convene in late September / early October (TBA) to consider the Annual Financial Statements.

The Chair noted a request for leave for the month of October.

The meeting closed at 5.15pm