MINUTES OF MEETING

AUDIT AND RISK COMMITTEE

HELD TUESDAY 5 JUNE 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 (until 4.20pm)

Other Representatives

John Gordon	Community Member (Chair)
Brian Hrnjak	Community Member

Council Staff

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

Invited Guests

Mary Rawlings	Risk Manager Manly Council
Melinda Aitkenhead	Manager, Corporate Governance Manly Council

TO THE MAYOR AND COUNCILLORS OF THE COUNCIL

The **Audit and Risk Committee (the Committee)** met on the 5th June 2012, to consider the matters referred to it and now provides the following advice to Council.

OPEN	The meeting commenced at 3pm.	**ACTION**
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 20th March 2012 were confirmed.	
	Moved: Cllr Adele Heasman Seconded: Cllr Cathy Griffin	**ACTION**

	The Minutes of the Audit and Risk Committee held on the 20th March 2012 were adopted at Council's Meeting held on 7th May 2012 as Resolution PS35/12.	
	Recommendation: The Committee resolved that the minutes of the Committee meeting held on the 20th March 2012 be confirmed.	**For notation**
ITEM 3B	**BUSINESS ARISING** The Chair noted that Mayor Cllr Jean Hay's name should be removed from the Notice of Meeting as The Mayor is no longer a member of the Committee, even in an *ex officio* capacity. Cllr Heasman's Letter of Acceptance as a member of the Committee was received and noted by the Committee.	
	Recommendation: The Committee resolved to receive and note the information.	**For notation**
ITEM 4	**PRESENTATION ON COUNCIL'S ENTERPRISE-WIDE RISK PROFILE** Council's Risk Manager attended the meeting and presented an overview of Council's enterprise-wide risk profile. Refer to Attachment 1. Discussion followed and the following points were made: ▪ Council is seeking funding to move the Risk Register to an e-platform, as part of its relationship with Statewide Mutual. ▪ Council's Risk Management Plan is an item for future review by Internal Audit, as part of the agreed future program. ▪ The Chair requested a further update in six months time. ▪ The Chair requested that the Committee remain appraised of the Risk Register. . It was agreed that the top ten risks would be reviewed by the Audit and Risk Committee at each future meeting.	Risk Manager to prepared a report on the top ten risks for the next Committee meeting
	The Risk Manager left the meeting at 3.35pm, at the conclusion of this Item.	
	Recommendation: The Committee thanked the Risk Manager for her excellent verbal report, and resolved to receive and note the presentation.	**For notation**
ITEM 5	**Internal Auditor's Report – Manly Council's Long Term Financial Plan Review. Confidential. April 2012** The Internal Auditor spoke to his report and attached Executive Summary, and a brief discussion followed.	
	Recommendation: The Committee recommends to Council that:	
	I. The Internal Auditor's Report on Manly Council's Long Term Financial Plan Review be received and noted; and	**For notation**
	II. The Committee receives feedback from the Internal Auditor	**ACTION**

at periodic intervals on how each of the recommendations is being implemented by Council.

ITEM 6 **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 completed audits.

The following points were made:

- Overall good progress is being made to action the recommendations.
- The Executive Manager of Corporate Support Services is confident that a few of these implementation action plans will be finalised before the next meeting.
- A Committee member queried Recommendation 2.1 in relation to the Payroll Audit. The Executive Manager of Corporate Support Services agreed to follow up on this matter and report back to the next Committee meeting.
- The Chair noted that a total of approximately 123 recommendations have arisen from these audits. He thanked Internal Audit and Council management for their commitment to deliver on these comprehensive recommendations.

Staff to follow up

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

For notation

ITEM 7 **Report – Performance monitoring for legal compliance by Corporate Governance staff and General Counsel**

Council's Manager of Corporate Governance attended the meeting and presented an overview of Council's proposed system for monitoring legislative compliance.

Discussion followed and the following points were made:

- Work to date on developing a system for monitoring legislative compliance arose from a DLG Better Practice Review.
- Council has approximately 125 pieces of legislation with which to comply.
- Legal Counsel is looking at the purchase of an on-line system for legislative updates relevant to local government. The recommendation on the purchase is due to the General Manager by September 2012.

The Manager of Corporate Governance left the meeting at 4.45 pm, at the conclusion of this Item.

	Recommendation: The Committee thanked the Manager of Corporate Governance for her excellent presentation, and resolved to receive and note the report.	**ACTION** **For notation**
ITEM 8	**Internal Auditor's Report on the Internal Audit Program 2012-2013** The Internal Auditor spoke to his written report on the Internal Audit Program 2012-2013. He made the following comments: ▪ The Draft Internal Audit Program for 2012-2013 has considered the latest corporate risk and other information from each of the six member Councils, and has aimed to include consistent high risk areas from each Council. ▪ The Draft Internal Audit Program also aims to address specific recommendations for audit arising from the recent Division of Local Government Better Practice Review Report. ▪ The Draft Internal Audit Program has been approved in principle by the General Managers of the six member Councils, and is now being proposed to the Audit Committee of each Council.	
	Recommendation: The Committee recommends to Council that the Internal Auditor's Report on the Internal Audit Program for 2012-2013 be received and noted.	**For notation**
ITEM 9	**Report – Chairman's Report on the Operation of the Committee 2010 to 2012 – First Report** The Chair spoke to his Report. The purpose of the report is to provide Council with a summary of the operations of the Committee in accordance with the Committee Charter. In summary, the Chair stated that the Committee had a successful term of operations and met its objectives. The Committee is pleased with the engagement of Council and Management in improved internal control and sound governance. Refer to the Chair's Report at Attachment 2.	
	Recommendation: The Committee recommends to Council that the Chairman's Report on the operation of the Committee for the period 28.4.2010 to 30.5.2012 be received and noted.	**IBM**
ITEM 10	**GENERAL BUSINESS**	
ITEM 10.1	**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, it was agreed that in order to ensure continuity for the Committee for the review of the 6/2012 Financial Statements the Committee recommends to Council an amendment to 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	

		ACTION
	Committee is assured and the new Council has more time to subsequently re-consider the Committee membership.	
	Recommendation: The Committee recommends to Council that the Audit Committee Charter be amended to extend the terms of the independent members until the end of the financial year following the September 2012 elections (30/6/2013 for the current term).	**IBM**
ITEM 10.2	**Review of Remuneration for the two independent community representatives of the Audit and Risk Committee** The Deputy General Manager informed the Committee of a matter arising from the recent General Manager's Internal Audit Meeting. There was consensus amongst the Councils at that meeting of the need to review the fee paid to the independent internal audit committee members. The Group subsequently agreed to increase the fee from $400 per meeting to $500 per meeting. The increase would not apply until after the Committee is re-appointed after the September Council election. The new fees would be reported to Council as part of the report appointing the Committee.	
	Recommendation: The Committee recommends to Council that the proposed increase in remuneration for independent community representatives be endorsed.	**IBM**
	Retirement Mr Ross Fleming advised the Committee that he would be soon retiring from Manly Council and this Committee. The Committee resolved to place on record, recognition for Mr. Fleming's long and successful career of 40 years (???check) in the Local Government industry and in particular, his valuable contribution to the Committee. The Committee wished him well in his retirement.	
ITEM 11	**NEXT MEETING DATE:** Date: Tuesday 21 August 2012 Time: 3.30 pm Venue: Councillors' Room	

Meeting closed at 5.10pm