**MINUTES OF MEETING**

**AUDIT & RISK ADVISORY COMMITTEE**

**HELD ON WEDNESDAY 3 June 2015**

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

**PRESENT:**

**Councillors**

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

**Other Representatives**

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| John Gordon | Community Member - Chair |
| Brian Hrnjak | Community Member |

**Council Staff**

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| Michael Quirk | Head of Internal Audit, North Shore Councils |
| Anthony Hewton | Executive Manager, Corporate Services Support |
| Jenny Nascimento | Chief Financial Officer |
| Lynne Jess | Minute Taker |

**TO THE MAYOR AND COUNCILLORS OF THE COUNCIL**

The **Audit & Risk Committee (the Committee)** met on 3 June 2015, to consider the matters referred to it and now provides the following advice to Council.

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| **OPEN** | The meeting commenced at 3.10pm<br><br>The Chair John Gordon welcomed the members and asked for any apologies. | **ACTION** |
| **ITEM 1** | **APOLOGIES AND LEAVE OF ABSENCE**<br>Apologies from Clr James Griffin | |
| | The Chair suggested Council write to Clr James Griffin requesting he confirm his availability to meet with the Committee in future. | **Anthony Hewton** |
| **ITEM 2** | **DECLARATION OF INTEREST**<br>The Chair John Gordon advised that he held memberships on Committees at Pittwater and Warringah which will all be impacted by the current NSW Government's Fit For The Future program. The Chair advised if there were matters of strategic significance to be discussed, he would relinquish the | |

Chair in favour of Mr Hrnjak and if appropriate, absent himself from the discussions.

Brian Hrnjak advised he had a non pecuniary interest in a DA for Shop 8/9 15 Central Avenue Manly.

**ITEM 3** **CONFIRMATION OF MINUTES**

The Minutes of the meeting held on 4 March 2015 were confirmed.

The above minutes went to Council's Ordinary meeting on 20 April for notation.

Moved: Clr Hugh Burns
Seconded: Brian Hrnjak

**UNLISTED AGENDA ITEM** **CFO BRIEFING**

Council's CFO, Jenny Nascimento provided an update on the Interim Audit Report and gave an overview of preparations for the Financial Statements for the year ending 30 June 2015.

Ms Nascimento indicated the key challenges for June 2015 were the revaluation of roads and drainage assets which were well in-hand and the first stage of a review of Special Schedule 7 re Infrastructure Assets by the External Auditors. She also confirmed there were no system changes impacting Finance and that staffing was stable in her department.

The Chair requested the CFO provide the Committee with an updated financial tasks timetable when she is able.

Cr Bingham raised two further matters relating to Council finances at the meeting as follows:

i) A follow-up on a number of questions on the promotional and consultation costs for Manly2015 Plan further to her QWN to the CFO in December 2014 at this Committee. The Executive Manager of Corporate Support Services advised the following:

- That at the last meeting he advised that this was not a matter for the Internal Audit and Risk Committee and it should be a matter that was either put to the General Manager directly, or to Council.
- That the matter had been put to Council at its April 2015, Ordinary Meeting and had been subject to a resolution of Council (resolution 37/15).
- Given the above, Mr Hewton advised it was therefore not appropriate to re-ventilate this matter at this committee.

ii) Swim Centre Project.

- The Executive Manager Corporate Support Services indicated that any queries relating to this project were best directed to the General Manager directly or as a QWN at Council in the first instance.

**ITEM 6** **Report on Internal Audit of Cash handling**

The Internal Auditor spoke to the report; and advised that the scope took them outside some of the areas they had looked at previously.

The scope of the review was to evaluate the effectiveness of processes and controls for cash collections at Council's Swim Centre, Art Gallery, Meals on Wheels, Roundhouse childcare and the Library and the Auditor advised there had been an improvement in controls in these areas with the exception of Meals on Wheels.

Chair requested CFO report outstanding actions back to the next Committee meeting in September. **CFO**

**Recommendation:**

The Committee recommends to Council that;

1. The Internal Auditor's Report on Cash handling at Manly Council be received and noted; and

2. The Committee received feedback from the Internal Auditor at periodic intervals on how each of the recommendations is being implemented by Council.

**ITEM 7** **Report on Internal Automated Audit of Accounts Payable Data**

The Internal Auditor spoke to his written report on Internal Automated Audit of Accounts Payable Data and outlined the process of the audit.

**Recommendation:**

The Committee recommends to Council that;

**1.** The Internal Auditor's Report on the Automated Audit of Accounts Payable Data at Manly Council be received and noted.

**ITEM 4** **Report on Overall Internal Audit Program**

The Internal Auditor spoke to his written report on the Overall Internal Audit Program which provided information on the status of approved work on the 2014/15 Programs.

**Recommendation:**

The Committee recommends to Council that;

1. The Internal Auditor's Report on the Internal Audit program be received and noted.

**ITEM 5** **Report on Internal Audit of Community Properties**

The Internal Auditor spoke to his written report and discussed its findings:

- Developed well-structured Plans of Management
- Well documented property register
- Developed sound Key Performance Indicators (KPIs) in the Plans of Management
- Developed robust control structure for the management of community properties
- Very Comprehensive Property Register

**Recommendation:**

The Committee recommends to Council that:

1) The Internal Auditor's Report on Community Properties at Manly Council be received and noted;

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

3) That Council review the Community Lands Plan of Management and review and update the plans.

**ITEM 8** **Report on Proposed Internal Audit Program 2015-2016**

The Internal Auditor spoke to his written report.

Discussion followed on the following points raised.

- Check integrity and ensure we have accountability for health inspections

The topic of amalgamation was raised in relation to this matter. It was agreed that until the direction and implications of the Fit for the Future programme are known, Council must continue its current business and the existing Internal audit programme. It was suggested that some form of 'Plan B' be considered at least in overview, in case Council's preferred position is not fulfilled.

**Recommendation:**

The Committee recommends to Council that:

1) The North Shore Council's Internal Audit Program proposed for 2015-2016 be adopted by Manly Council as presented in the report.

**Report on Implementation of Internal Audit**

The Internal Auditor spoke to his written report and findings and the Committee was provided with updated information on the status of implementation of internal audit recommendations.

- 6 delayed - these were generally around policy.

**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** **General Business**

The Chair recommended that Council, in conjunction with the Internal Auditor, consider development of an "assurance map" for Council.

The Chair also noted that it may be useful for council to re-visit its activities and controls relating to interaction with children.

**ITEM 11** **Date of next meetings:**

Dates: 2 September 2015
4 November 2015

Venue: Councillors' Room, Manly Town Hall,
1 Belgrave Street, Manly
Time: 3.00pm

**The meeting closed at 5.17pm**