

# Waverley Council

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20 February 2013

A meeting of the **WAVERLEY COUNCIL AUDIT COMMITTEE** will be held in the Bronte Room, Level 2, Waverley Council Chambers, Corner Bondi Road & Paul Street, Bondi Junction at:

**10.00AM, FRIDAY, 1 MARCH 2013**

**COMMITTEE MEMBERS:**

Independent Members: Mr N Hall (Chair)  
Mr M Bass

Councillor Member: Cr B Mouroukas  
Cr T Kay (Alternate)

**ATTENDEES:**

Mr T Reed – General Manager  
Mr I Mead – Divisional Manager, Finance & Information  
Systems & Services  
Mr S Helweh – Senior Internal Auditor  
Mr S Kidnapillai – Senior Internal Auditor

**INVITEE:** Mr G Mottau – Director, Hill Rogers Spencer Steer:

**QUORUM:** Two Committee members.

**APOLOGIES:** By telephone or email to the following:

Tony Reed, General Manager  
Ph: 9369 8056 or email [tonyr@waverley.nsw.gov.au](mailto:tonyr@waverley.nsw.gov.au)

Robert Russo, Governance Manager  
Ph: 9369 8121 or email [robertr@waverley.nsw.gov.au](mailto:robertr@waverley.nsw.gov.au)

## AGENDA

### **A-1303.A Apologies**

### **A-1303.DI Declarations of Interest**

The Chair will call for Declarations of Interest.

### **A-1303.1 Confirmation of Minutes of Previous Meeting – 7 December 2012**

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**Recommendation:** That the Minutes of the Waverley Council Audit Committee Meeting of 7 December 2012; a copy of which was distributed to each Committee member, be received and that such Minutes be confirmed as a true record of the proceedings of that meeting.

### **A-1303.2 Matters Arising from Previous Minutes**

#### **A-1303.2.1 Confidential Internal Audit Report – Fleet Management (A11/0693)**

**ISSUED SEPARATELY**

At the last meeting of the Audit Committee held on 7 December 2012 the Committee considered the confidential Audit Internal Report on Fleet Management. At that meeting the Committee resolved the following:

*“In regard to the internal audit report on Fleet Management the Committee believes that there are many ineffective management processes that could be improved including restricting petrol cards to biofuel purchases only, the fleet size and composition mix of the fleet, and the structure and pricing of lease back vehicles, and that these issues be addressed with the Divisional Manager, Business and Services.”*

The Committee has requested that the previously considered confidential internal report be included on this agenda and the responsible Executive Officer be invited to attend the meeting.

*Confidential Internal Audit Report on the review of the Fleet Management issued October 2012 has been distributed separately with the agenda.*

**Recommendation:** That:

1. The Committee receive and note this information.
2. The Committee receive and note the Confidential Internal Audit Report on the review of the Fleet Management, which has been distributed separately with the agenda.
3. The Internal Audit Report on the review of the Fleet Management be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter for the following reasons:
  - (a). The report contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
  - (b). It is not in the public interest to reveal commercially sensitive information about Council's internal operations and business interests, which if disclosed may prejudice Council's effective operation of its functions.
4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.

**A-1303.3**  
**Internal Audit's Progress Report (A10/0345)**

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Report dated 19 February 2013 from Internal Audit providing an update on progress with FY13 Audit Plan.

**Recommendation:** That:

1. The Committee receive and note this progress report.
2. The Committee receive and note the following confidential Internal Audit reports which have been distributed separately with the agenda, on the review of:
  - (a). Business Continuity Management
  - (b). Accounts Payable
  - (c). Asset Management – Kerb and Gutter
  - (d). Property Management – Follow up
  - (e). On Street Parking – Follow up
3. The above Internal Audit reports be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter for the following reasons:
  - (b). The reports contain commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
  - (c). It is not in the public interest to reveal commercially sensitive information about Council's internal operations and business interests, which if disclosed may prejudice Council's effective operation of its functions.
4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.

**A-1303.4****Council's response to ICAC on Operation Jarek**

At the last meeting of the Committee the General Manager advised that ICAC had released its report about Operation Jarek, an investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers.

The General Manager advised that Council had received the recommendations contained in the ICAC report and was required to respond to the ICAC about the actions we have taken in regard to the recommendations. He said that Council's response to the ICAC would be submitted to this meeting of the Audit Committee.

At the time of printing the agenda Council's response to the ICAC was still to be finalised.

A copy of Council's response will be tabled at the meeting or forwarded by email prior to the meeting, if available.

**Recommendation:** That the Committee receive and note this information.

**A-1303.5****Schedule of Meeting Dates for 2013 (A09/1105)**

At its last meeting the Committee adopted the following schedule of meeting dates for 2013.

- 10.00am, Friday, 24 May 2013
- 10.00am, Friday, 26 July 2013
- 10.00am, Friday, 18 October 2013
- 10.00am, Friday, 6 December 2013

**Recommendation:** That the Committee receive and note this information.

**A-1303.6****GENERAL BUSINESS**

**MINUTES OF THE WAVERLEY COUNCIL  
AUDIT COMMITTEE MEETING HELD AT THE  
WAVERLEY COUNCIL CHAMBERS ON  
FRIDAY, 7 DECEMBER 2012**

**Voting Members Present:**

Mr N Hall	Independent Member (Chair)
Mr M Bass	Independent Member
Cr B Mouroukas	Waverley Council

**Also Present:**

Cr T Kay	Waverley Council
Mr T Reed	General Manager
Mr S Helweh	Senior Internal Auditor
Mr S Kidnapillai	Senior Internal Auditor
Mr I Mead	Divisional Manager, Finance & Information Systems & Services
Ms J Reid	Governance & Integrated Planning Officer / Assistant Committee Secretary
Mr R Russo	Governance Manager / Committee Secretary

**Invitee:**

Mr G Mottau	Director, Hill Rogers Spencer Steer
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*At the commencement of proceedings at 10.00am, those present were as listed above.*

*Cr Kay left the meeting at 11.30am.*

**A-1212.A  
Apologies**

There were no apologies.

**A-1212.DI  
Declarations of Interest**

The Chair called for Declarations of Interest and none were received.

**A-1212.1  
Confirmation of Minutes of Previous Meeting – 27 July 2012**

**DECISION:** That the Minutes of the Waverley Council Audit Committee Meeting of 27 July 2012; a copy of which was distributed to each Committee member, be received and that such Minutes be confirmed as a true record of the proceedings of that meeting.

**A-1212.2**  
**Matters Arising from Previous Minutes – 27 July 2012**

**A-1212.2.2**  
**Audit Implementation Plan (A09/0284)**

Mr Hall referred to Item A1207.7.1 on the previous minutes about a resolution made by Council at its meeting held on 19 June 2012 in regard to an Audit Implementation Plan. Mr Hall said he was pleased that Council had resolved, in part, that *“a regular six monthly confidential audit implementation progress report be presented to Council by the General Manager”*

**DECISION:** That the Committee recommends that the six monthly confidential audit implementation progress report be referred to Council for consideration at the same time as the Committee’s bi annual report to Council.

**A-1212.3**  
**Internal Audit’s Progress Report (A10/0345)**

Report dated 23 November 2012 from Internal Audit providing an update on progress with both FY12 and FY13 Audit Plans respectively.

*A copy of the Confidential Internal Audit Reports was distributed separately with the agenda.*

**DECISION:** That:

1. The Committee receive and note this progress report.
2. The Committee receive and note the following Confidential Internal Audit Reports, which have been distributed separately with the agenda, on the review of:
  - (a). Fleet management (carried forward from 2012 Plan)
  - (b). Cash management – Part 2 (carried forward from 2012 Plan)
  - (c). Property management – Follow up
3. The above Internal Audit reports be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council’s Audit Committee Charter for the following reasons:
  - (a). The reports contain commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
  - (b). It is not in the public interest to reveal commercially sensitive information about Council’s internal operations and business interests, which if disclosed may prejudice Council’s effective operation of its functions.
4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.
5. All Internal Audits that are waiting for Management’s responses be tabled at the next Committee meeting.

6. The Internal Auditors are to table internal audit reports, which were tabled at the previous Committee meeting, at the subsequent meeting, regardless of whether or not there has been a Management response. Where there is no Management response the responsible Executive Officer be invited to attend the meeting.
7. In regard to the internal audit report on Fleet Management the Committee believes that there are many ineffective management processes that could be improved including restricting petrol cards to biofuel purchases only, the fleet size and composition mix of the fleet, and the structure and pricing of lease back vehicles, and that these issues be addressed with the Divisional Manager, Business and Services.
8. Once the Executive Team's has considered the Cash Handling Policy, a follow-up report be submitted to the Committee as part of the Action Plan in process for Cash Management.
9. The Committee recommends that the Executive Team should ensure that all staff positions which have a cash handling function have that function included in the relevant Position Description.
10. The Property Management Follow-up Report be deferred to the next Committee meeting and that the General Manager invite the responsible Executives and support staff, if appropriate, to attend.

#### **A-1212.4**

#### **Proposed Schedule of Meeting Dates for 2013 (A09/1105)**

Following is the proposed schedule of meeting dates for the Audit Committee for 2013. The proposed schedule takes into consideration the Committee's reporting requirements to Council in May and November 2013.

- 10.00am, Friday, 22 February 2013
- 10.00am, Friday, 24 May 2013
- 10.00am, Friday, 26 July 2013
- 10.00am, Friday, 18 October 2013
- 10.00am, Friday, 6 December 2013

**DECISION:** That the Committee adopts the schedule of meeting dates for 2013.

#### **A-1212.5**

#### **GENERAL BUSINESS**

##### **A-1212.5.1**

##### **ICAC Report – October 2012 - Operation Jarek**

The General Manager advised that ICAC has released its report about the investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers.

The General Manager advised that Council has received the recommendations contained in the ICAC report and was in the process of responding to the ICAC about the actions we have taken in regard to the recommendations. He said that Council's response would be forwarded to the ICAC and submitted to the next meeting of the Audit Committee.

**DECISION:** That the Committee receive and note this information.

**THE MEETING CLOSED AT 12.47PM**



## REPORT TO AUDIT COMMITTEE

### Internal Audit's Progress Report (A10/0345)

Report dated 19 February 2013 from Internal Audit providing an update on progress with FY13 Audit Plan.

#### **Recommendation:** That:

1. The Committee receive and note this progress report.
  2. The Committee receive and note the following confidential Internal Audit reports which have been distributed separately with the agenda, on the review of:
    - (a). Business Continuity Management
    - (b). Accounts Payable
    - (c). Asset Management – Kerb and Gutter
    - (d). Property Management – Follow up
    - (e). On Street Parking – Follow up
  3. The above Internal Audit reports be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter for the following reasons:
    - (a). The reports contain commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
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  4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.
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#### **Progress on Audit Plan**

Since the last meeting of the Committee held on 7 December 2012, the Senior Internal Auditors have compiled a summary of the reviews and their status in the table below:

## REPORT TO AUDIT COMMITTEE

Audit Name	Date Commenced	Status					Awaiting Management Response*
		Planning	Fieldwork	Reporting	Completed	Finalised	
Accounts Payable	October 2012	✓	✓	✓	✓	✓	x
Asset Management - Kerb and Gutter	August 2012	✓	✓	✓	✓	✓	x
Business Continuity Management	October 2012	✓	✓	✓	✓	✓	x
Waverley Pavilion	February 2013	✓	✓	x	x	x	x
Property Investment Strategy	February 2012	✓	✓	x	x	x	x
<b>Follow Up Reviews</b>							
Property Management	July 2012	✓	✓	✓	✓	✓	x
On Street Parking	July 2012	✓	✓	✓	✓	x	✓

✓ = yes,

\* only relevant for follow-up reviews.

Internal Audit has had the continuous support of Waverley Council management in ensuring all reviews are completed in a timely manner, with some minor improvements to be made in the reporting and communication process. The reviews have been presented to management and all findings are escalated as per the internal audit protocol, to provide the added transparency and input by management to adequately address the issues at hand.

However, the follow up review of the On-street parking, did raise some issue on the timeliness of responses from management and this coincided with an organisational review of the Parking Service Division, which impacted the ability for managers to respond to the management actions in the report. This exception has been noted by internal audit. A comprehensive report on action to date will be tabled with the Audit Committee at its next meeting.

Furthermore, the Internal Audit function has met and commenced planning work for the upcoming year, 2013/14 and 3 year plans. An initial meeting with SSROC internal auditors was held on Wednesday 13<sup>th</sup> February 2013, to share common risks across member councils and effective management of future reviews. The planning process does require senior management time to deliver the draft plan before submission to the Audit Committee for approval in May 2013.

All draft plans will be presented to the Committee at a future date. The professional experience of committee members will be considered and reflected in the draft plans to deliver the required audits in future years.

## REPORT TO AUDIT COMMITTEE

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  - (c). It is not in the public interest to reveal commercially sensitive information about Council's internal operations and business interests, which if disclosed may prejudice Council's effective operation of its functions.
4. The correspondence and reports relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.

Sam Helweh  
**Senior Internal Auditor**