



W A V E R L E Y
COUNCIL

AUDIT COMMITTEE

AGENDA

10.00AM, FRIDAY, 10 OCTOBER 2014

Waverley Council
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Bondi Junction NSW 1355
DX 12006 Bondi Junction
Tel. 9369 8000
E-mail: info@waverley.nsw.gov.au



AGENDA

AUDIT COMMITTEE MEETING

A meeting of the Waverley Council Audit Committee will be held in the Bronte Room, Level 2, Waverley Council Chambers, Corner Bondi Road and Paul Street, Bondi Junction at:

10.00am, Friday, 10 October 2014

COMMITTEE MEMBERS:

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

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

ATTENDEES: Mr A Kyron – General Manager
Mr F. Rombola – Executive Manager – Financial Waverley
Mr S Helweh – Senior Internal Auditor

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

QUORUM: Two Committee members.

APOLOGIES: By telephone or email to the following:

Arthur Kyron, General Manager
Ph: 9369 8056 or email arthur.kyron@waverley.nsw.gov.au

Robert Russo, Governance Manager
Ph: 9369 8121 or email robert.russo@waverley.nsw.gov.au

AGENDA

A-1410.A Apologies

A-1410.DI Declarations of Interest

The Chair will call for Declarations of Interest.

A-1410.1 Confirmation of Minutes of Previous Meeting – 30 May 2014

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Recommendation: That the Minutes of the Waverley Council Audit Committee Meeting of 30 May 2014; 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-1410.2 Internal Audit's Progress Report (A10/0345)

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Report dated 30 September 2014 from Internal Auditor providing an update on progress with the FY14 Audit Plan.

Recommendation: That the Committee receive and note this progress report.

A-1410.3 Adopted Schedule of Meeting Dates for 2014 (A09/1105)

At its last meeting the Committee adopted the following schedule of meeting dates for 2014.

- 10.00am, Friday, 26 September 2014
- 10.00am, Friday, 12 December 2014

Recommendation: That the Committee receive and note this information.

A-1410.4

GENERAL BUSINESS

**MINUTES OF THE WAVERLEY COUNCIL
AUDIT COMMITTEE MEETING HELD AT THE
WAVERLEY COUNCIL CHAMBERS ON
FRIDAY, 30 MAY 2014**

Voting Members Present:

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

Also Present:

Mr A Kyron	General Manager
Mr S Helweh	Senior Internal Auditor
Mr S Kidnapillai	Senior Internal Auditor
Mr I Mead	Divisional Manager, Finance & Information Systems & Services
Ms B Kelly	Director, Corporate & Technical Services
Mr M Wood	Director, Public Works & Services
Mrs J Reid	Acting Governance Manager / Committee Secretary

Invitees:

Mr G Mottau	Director, Hill Rogers Spencer Steer (External Auditors)
Mr M Reid	Divisional Manager, Development Assessment (for item A-1405.5 – Confidential Report – Internal Audit follow-up Report - Section 94A Development Contributions Review)
Ms F Calabrese	Divisional Manager, Human Resources & Organisational Development (for Item A-1405.6 – Confidential Report - Internal Audit Follow-up Report – Business Continuity Management)
Ms C Schlesinger	OH&S Manager, Human Resources & Organisational Development (for Item A-1405.6 – Confidential Report - Internal Audit Follow-up Report – Business Continuity Management)
Mr Paul White	Computer Services Manager, Finance & Information Systems & Services (for Item A-1405.6 – Confidential Report - Internal Audit Follow-up Report – Business Continuity Management)

At the commencement of proceedings at 10.02am, those voting members and those present were as listed above. In relation to the invitees listed above, Mr Mottau arrived at 10.10am and the remaining invitees were only present during the consideration of the items relevant to them.

At 11.05am Mr Wood left the meeting and did not return.

**A-1405.A
Apologies**

The Chair called for apologies and the following was received:

Mr Peter Monks, Director – Planning and Environmental Services

**A-1405.DI
Declarations of Interest**

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

**A-1405.1
Confirmation of Minutes of Previous Meeting – 21 February 2014**

DECISION: That the Minutes of the Waverley Council Audit Committee Meeting of 21 February 2014, 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-1405.2
Waverley Council Audit Committee Charter – Adoption of Committee Charter (A09/1105)**

At the February 2014 Audit Committee meeting the Committee decided to initiate a review of its Charter and to report the outcome of the review to the April Council meeting.

A copy of the Waverley Audit Committee Charter adopted by Council at its April meeting was attached to the Agenda.

DECISION: That the Committee receive and note this information.

**A-1405.3
Internal Audit's Progress Report (A10/0345)**

Report dated 30 April, 2014 from Internal Auditor providing an update on progress with the FY14 Audit Plan.

DECISION: That the Committee receive and note this progress report, and the Stage one update report on the ERM Project.

A-1405.4

Council's response to ICAC on Operation Jarek – 12 months Progress Report (A11/0745)

A copy of Council's 12 months progress report to ICAC was attached to the agenda.

In October 2012 the ICAC released its report about Operation Jarek, an investigation into allegations that staff from a number of local councils, including Waverley and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers.

At the February 2013 Audit Committee meeting, the then General Manager advised that Council had received the corruption prevention 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.

At the May 2013 Audit Committee meeting Council's response to the ICAC was submitted to the Committee for information.

Council's response to the ICAC's recommendations can be viewed on the ICAC website at:

<http://www.icac.nsw.gov.au/investigations/past-investigations/article/4171>

DECISION: That the Committee receive and note this information and Council's 12 months progress report to the ICAC.

A-1405.5

CONFIDENTIAL REPORT - Internal Audit Follow-up Report – Section 94A Development Contributions Review (A13/0487)

This matter is classified as confidential under the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter.

The Confidential Report – Internal Audit Follow-up Report – Section 94A Development Contributions Review was distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note the Confidential Internal Audit Follow-up Report on Section 94A Development Contributions Review, which has been distributed separately with the agenda.
2. The Confidential Internal Audit Follow-up Report on Section 94A Development Contributions Review 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.
3. 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-1405.6

CONFIDENTIAL REPORT - Internal Audit Follow-up Report – Business Continuity Management (A14/0177)

This matter is classified as confidential under the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter.

The Confidential Report – Internal Audit Follow-up Report – Business Continuity Management was distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note the Confidential Internal Audit Follow-up Report on Business Continuity Management, which has been distributed separately with the agenda.
2. The Confidential Internal Audit Follow-up Report on Business Continuity 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.
3. 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-1405.7

CONFIDENTIAL REPORT - Internal Audit Report – Commercial Waste Services

This matter is classified as confidential under the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter.

The Confidential Report – Internal Audit Report – Commercial Waste Services was distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note the Confidential Internal Audit Report on Commercial Waste Services, which has been distributed separately with the agenda.
2. The General Manager:
 - (a) Closely monitors the progress and content of the Strategic Plan
 - (b) Ensures that the Plan is maintained and addresses all the findings and recommendations of the Internal Audit Report.
3. The Confidential Internal Audit Report on Commercial Waste Services 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-1405.8

CONFIDENTIAL REPORT - Internal Audit Report – Accounts Receivable

This matter is classified as confidential under the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter.

The Confidential Report – Internal Audit Report – Accounts Receivable was distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note the Confidential Internal Audit Report on Accounts Receivable, which has been distributed separately with the agenda.
2. The Confidential Internal Audit Report on Accounts Recievable 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.
3. 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-1402.9

CONFIDENTIAL REPORT – Observations and Suggestions for Improvement from the External Audit Management Letter of 11 April 2014 and Management's Response (A04/0630)

This matter is classified as confidential under the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter.

The Confidential Report – Observations and Suggestions for Improvement from the External Audit Management Letter of 11 April 2014 and Management's Response were distributed separately with the agenda.

DECISION: That:

1. The Committee receive and note the Confidential Report - Observations and Suggestions for Improvement from the External Audit Management Letter of 11 April, 2014 and Management's Response, which has been distributed separately with the agenda.
2. The Committee receive and note the External Audit Management Letter of 11 April, 2014 and Management's letter of response dated 13 May 2014, which have been distributed separately with the agenda.
3. The Confidential Report - Observations and Suggestions for Improvement from the External Audit Management Letter of 11 April 2014 and Management's Response, 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.
3. 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-1405.10

Adopted Schedule of Meeting Dates for 2014 (A09/1105)

The Committee adopted the following schedule of meeting dates for 2014.

- 10.00am, Friday, 26 September 2014
- 10.00am, Friday, 12 December 2014

DECISION: That the Committee receive and note this information.

A-1405.11

GENERAL BUSINESS

There were no Items of General Business.

THE MEETING CLOSED AT 12.20PM.

REPORT TO AUDIT COMMITTEE

Internal Audit's Progress Report (A10/0345)

Report dated 30 September 2014 from Internal Auditor providing an update on progress with the FY14 Audit Plan.

Recommendation: That the Committee receive and note this progress report.

Progress on Audit Plan

Since the last meeting of the Committee held on the 30 May 2014, the Senior Internal Auditor has compiled a summary of the reviews and their status in the table below:

Audit Name	Date Commenced	Status					Awaiting Management Response
		Planning	Fieldwork	Reporting	Completed	Finalised	
Accounts Payable	October 2012	✓	✓	✓	✓	✓	N/A
Asset Management - Kerb and Gutter	August 2012	✓	✓	✓	✓	✓	N/A
Business Continuity Management	October 2012	✓	✓	✓	✓	✓	N/A
Waverley Pavilion	February 2013	✓	✓	✓	✓	✓	N/A
Property Investment Strategy	February 2013	✓	✓	✓	✓	✓	N/A
Commercial Waste Services	August 2013	✓	✓	✓	✓	✓	N/A
Accounts Receivable	November 2013	✓	✓	✓	✓	✓	N/A
Outdoor Event Permits and Licensing	February/March 2014	✓	✓	✓	✓	x	✓
Section 149 Certification	August 14	✓	✓	✓	x	x	✓
Off Street Parking	September / October 2014	✓	x	x	x	x	N/A
Follow Up Reviews							
Property Management	April 2013	✓	✓	✓	✓	✓	N/A
On Street Parking	April 2013	✓	✓	✓	✓	✓	N/A
Payroll	August 2013	✓	✓	✓	✓	✓	N/A
S94A	November 2013	✓	✓	✓	✓	✓	N/A
Business Continuity Management	February 2014	✓	✓	✓	✓	✓	N/A
Budgeting	March 2014	✓	✓	✓	✓	x	✓
General Insurance	October 2014	✓	x	x	x	x	N/A

REPORT TO AUDIT COMMITTEE

Since the last meeting, the Internal Audit function is progressing well with the annual plan.

The following is works in progress from the Senior Internal Auditor:

The work in progress/completed for Mr Sam Helweh includes the following;

- Outdoor Events and Permits Licensing – awaiting management action plans
- Section 149 Certification – awaiting management action plans
- Budgeting Follow up – pending finalisation
- Off Street Parking – planning stages and meetings to be conducted with key staff.
- General Insurance Follow up – planning and confirmation of start dates with staff

Waverley Council has undergone a major organisational change since the last Audit Committee meeting, which has impacted on the finalisation of the reports mentioned above. Some of the key changes to the organisation include a new organisation structure, redundancies, recruitment and relocations which have contributed to the incompleteness of the reports.

In light of all the major changes, Internal Audit is also aware of the day to day operations, and how these changes have impacted managers and their staff. However, Internal Audit is continuing with the delivery of the annual audit plan, with careful consideration of the ongoing changes. The 2015 annual plan is currently tracking at or close to 80% completion by 30 June 2015.

It should also be noted, that SSROC have recently appointed a new General Manager, Namoi Dougall, who commenced in early September, after Alan Northey announced his retirement. Furthermore, the replacement for Seyonne Kidnapillai has not yet transpired. Should the replacement not occur, the target for full completion of the audit plan will not be achieved for the 2014/15 year.

Recommendation: That the Committee receive and note this progress report.

Sam Helweh
Senior Internal Auditor