

**MINUTES OF THE WAVERLEY COUNCIL AUDIT
COMMITTEE MEETING HELD AT THE WAVERLEY
COUNCIL CHAMBERS ON THURSDAY 1 NOVEMBER
2018**

Voting Members Present:

Mr M Bass	Independent Member (Chair)
Mr N Hall	Independent Member
Cr G Copeland	Waverley Council

Also Present:

Mr R McLeod	General Manager
Ms U Sivanandan	Senior Internal Auditor
Ms J Worthy	Internal Ombudsman
Mr G Mottau	Director, Audit and Assurance, Hill Rogers
Ms R Jenkin	Acting Director, Waverley Life
Ms T Su	Executive Manager, Financial Waverley

Invitees:

Ms T Potts	Acting Executive Manager, Customer First (Item A-1811.7)
Mr K Trinh	Executive Manager, Digital Waverley (Item A-1811.9)
Mr P Ryan	Acting Executive Manager, People and Culture (Items A-1811.8 and A-1811.10)
Mr M Williams	Manager, Risk & Safety (Item A-1811.10)

At the commencement of proceedings at 10.05 am, those present were as listed above with the exception of the Invitees who attended for the items shown.

**A-1811.A
Apologies**

Apologies were received and accepted from Ms E Scott, Director, Waverley Renewal and Mr G Bramis Acting Director, Waverley Futures.

**A-1811.DI
Declarations of Interest**

The Chair called for declarations of interests and none were received.

A-1811.1

Confirmation of Minutes of Previous Meeting – 24 May 2018

DECISION: That the Minutes of the Audit Committee Meeting held on 24 May 2018 be confirmed as a true record of the proceedings of that meeting.

A-1811.2

Draft 2017-18 Financial Statements (A18/0184)

Report from the Executive Manager, Financial Waverley on the Draft 2017–18 Financial Statements.

The audit of the financial statements is scheduled to be reported to Council at its meeting on 20 November 2018.

DECISION: That the Committee receives and notes the Draft 2017-18 Financial Statements.

A-1811.3

Organisation Development Program – Management Control Environment and Probity – Links to Audit, Risk and Improvement Committee Work Program (A18/0658)

Report from the General Manager about the Organisation Development Program and the work of the soon to be established Audit, Risk and Improvement Committee.

DECISION: That the Committee:

1. Notes the components of the General Manager’s organisation development program that relate to Management Control Environment, Enterprise Risk and Probity and the work of the current Audit Committee and its successor, the Audit, Risk and Improvement Committee.
2. Endorses the proposed framework of areas of activity outlined in this report as the basis for the work program for the Audit, Risk and Improvement Committee.

A-1811.4

Establishment of Audit, Risk and Improvement Committee (A18/0658)

Report from the Internal Ombudsman about the timeframe for Council’s transition to an Audit, Risk and Improvement Committee.

DECISION: That the Committee:

1. Supports Council’s early adoption of the proposed requirement to establish an Audit, Risk and Improvement Committee to succeed Council’s current committee.
2. Endorses the proposed timeline for the transition to the Audit, Risk and Improvement Committee as shown in Table 1 of this report.

A-1811.5**Internal Audit Plans 2018-2022 (A10/0345-02)**

Report from the Senior Internal Auditor about the Internal Audit Plans 2108-2022.

DECISION: That the Committee:

1. Endorses the Four-Year Internal Audit Plan 2018-2022 noting that the Plan will be subject to amendments based on work emerging from the General Manager's Organisation Development Program.
2. Endorses the Annual Internal Audit Plan for 2018/2019.

A-1811.6**Progress Report on the Work of the Internal Audit Function (A10/0345-02)**

Report from the Senior Internal Auditor about the progress with the Internal Audit function.

DECISION: That the Committee notes the progress of the Internal Audit function.

A-1811.7**Internal Audit Report – Follow-up Review of On-Street Parking (2011) (A18/0106)**

Report from the Senior Internal Auditor about a follow up review of on-street parking.

DECISION: That:

1. The Attachment to this report be treated as confidential in accordance with section 6.4(d) of the Audit Committee Charter for the following reasons:
 - (a) The Attachment 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 that, if disclosed, may prejudice the effective operation of Council.
2. The Confidential Attachment be withheld from the public, as provided by section 6.4 of the Audit Committee Charter.
3. The Committee endorses the Management Agreed Actions contained in the report.
4. The Committee requests the Senior Internal Auditor to present a follow-up report to the Committee once the Management Agreed Actions have been finalised.

A-1811.8

Internal Audit Report – Review of Payroll Process

Report from the Senior Internal Auditor about a review of the payroll process.

Council's Executive Leadership Team (ELT) have reviewed the Confidential Attachment to this report and consider there to be significant risk potential in this area.

ELT have requested the Audit Committee to note that ELT has required the Executive Manager, People and Culture to prepare a report in six month's time on progress in implementing the Management Agreed Actions contained in the Confidential Attachment.

ELT also requested the Audit Committee to note that the recommendation to transfer the administrative responsibility for the CHRIS 21 system to Digital Waverley or any other appropriate alternative will be further considered and subject to review.

DECISION: That:

1. The Attachment to this report be treated as confidential in accordance with section 6.4(d) of the Audit Committee Charter for the following reasons:
 - (a) The Attachment 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 that, if disclosed, may prejudice the effective operation of Council.
2. The Confidential Attachment be withheld from the public, as provided by section 6.4 of the Audit Committee Charter.
3. The Committee notes the comments from the Executive Leadership Team about the Confidential Attachment.
4. The Committee endorses the Management Agreed Actions contained in the Confidential Attachment.
5. The Committee requests the Executive Manager, People and Culture to present a progress report on the implementation of the Management Agreed Actions to the Committee at its February 2019 meeting.
6. The Committee requests the Senior Internal Auditor to present a follow up review of the controls proposed to the Committee once the Procedures are finalised.

A-1811.9

Scope for Audit of Information and Technology Systems (A18/0665)

Progress report from the Executive Manager, Digital Waverley on the audit of Council's Information and Technology Systems.

This matter was last considered by the Committee at its meeting in May 2018. At that meeting the Committee resolved in part that the Executive Manager, Digital Waverley provide progress reports to every Committee meeting, and that the consultant's final audit report also be presented to the Committee.

DECISION: That the Committee:

1. Notes the progress of the Audit of Information and Technology Systems as outlined in this report.
2. Requests the Executive Manager, Digital Waverley to present a progress report to the Committee at its February 2019 meeting.

A-1811.10

Enterprise Risk Management (A14/0211)

Update report from the Manager, Risk and Safety about the implementation of an Enterprise Risk Management Framework.

This matter was last considered by the Committee at its meeting in May 2018. At that meeting the Committee requested the Manager, Risk and Safety to provide an update to the Committee at this meeting, particularly on the development of the Risk Register and Business Continuity Plan.

DECISION: That the Committee notes the activities undertaken in the enterprise risk management field and the Enterprise Risk Management Policy attached to this report.

A-1811.11

NSW Audit Office Fraud Control Practice Survey (A07/0944)

Report from the Executive Manager, Financial Waverley about the NSW Audit Office Fraud Control Practice Survey.

This matter was last considered by the Committee at its meeting in May 2018. At that meeting the Committee requested that Council's response to the survey be presented to the Committee at this meeting.

A copy of the survey was distributed to Committee members the day before the meeting.

DECISION: That the Committee notes that Council participated in the NSW Audit Office's Fraud Control Practice Survey.

A-1811.12

Register of Management Actions (SF18/416)

This matter was last considered by the Committee at its meeting in May 2018. At that meeting the Committee resolved that the template be redrafted, populated and presented to the Committee at this meeting.

DECISION: That:

1. The Committee approves the format of the Register of Management Actions template attached to the agenda.
2. The Register of Management Actions be a standing item on every Audit Committee agenda.

A-1811.13

Audit Committee's Annual Report to Council 2018 (A09/1105)

Report from the Chairs of the Audit Committee on the Committee's activities for the period September 2017 to October 2018.

DECISION: That the Committee endorses the Audit Committee's Annual Report to Council 2018 from the Chairs of the Committee attached to this report.

A-1811.14

Next Meeting of the Committee

The next meeting of the Committee is proposed to be held on:

- Thursday, 28 February 2019 at 10.00 am.

Meeting dates for the remainder of 2019 will be considered at the February meeting.

DECISION: That the Committee receives and notes this information.

THE MEETING CLOSED AT 1.50 PM.

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SIGNED AND CONFIRMED
CHAIR
28 FEBRUARY 2019