

Waverley Council

PO Box 9, Bondi Junction, NSW 1355 DX 12006 Bondi Junction.
Telephone: 9369 8000 Fax: 9387 1820 TTY: 9389 9827 (For hearing impaired)
Website: www.waverley.nsw.gov.au



8 February 2012

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, 17 FEBRUARY 2012

COMMITTEE MEMBERS:

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

Councillor Member: Cr K Sloan
Cr P Cancian (Alternate)

ATTENDEES: Mr T Reed – General Manager
Mr I Mead – Divisional Manager, Finance & Information
Systems & Services
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:

Tony Reed, General Manager
Ph: 9369 8056 or email tonyr@waverley.nsw.gov.au

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

AGENDA

A-1202.A Apologies

A-1202.DI Declarations of Interest

The Chair will call for Declarations of Interest.

A-1202.1 Confirmation of Minutes of Previous Meeting – 2 December, 2011

PAGE 4

Recommendation: That the Minutes of the Waverley Council Audit Committee Meeting of 2 December, 2011; 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-1202.2 Matters Arising from Previous Minutes

There are no Matters arising from Previous Minutes.

A-1202.3 Internal Auditor's Progress Report

PAGE 8

Report dated 6 February 2012 from the Senior Internal Auditor providing an update on progress with the Financial Years 2010/11 and 2011/12 Audit Plans respectively.

Recommendation: That:

1. The Committee receive and note this progress report.
2. The Committee receive and note the Confidential Internal Audit Reports of the Budgeting Review, General Insurance Review and Developer Contributions –Section 94A Review which have been distributed separately with the Agenda.
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.

A-1202.4
Schedule of Meeting Dates for 2012

At its last meeting the Committee adopted the following schedule of meeting dates for 2012. The schedule takes into consideration the Committee's reporting requirements to Council in May and November 2012.

- 10.00am, Friday, 17 February 2012
- 10.00am, Friday, 20 April 2012
- 10.00am, Friday, 20 July 2012
- 10.00am, Friday, 12 October 2012
- 10.00am, Friday, 7 December 2012

Recommendation: That the Committee receive and note this information.

A-1202.5

GENERAL BUSINESS

**MINUTES OF THE WAVERLEY COUNCIL AUDIT
COMMITTEE MEETING HELD AT THE
WAVERLEY COUNCIL CHAMBERS ON
WEDNESDAY, 2 DECEMBER 2011**

Voting Members Present:

Mr M Bass	Independent Member (Chair)
Mr N Hall	Independent Member
Cr K Sloan	Waverley Council

Also Present:

Cr P Cancian	Waverley Council
Mr S Helweh	Senior Internal Auditor
Ms T Walmsley	Senior Internal Auditor
Mr I Mead	Divisional Manager, Finance & Information Systems & Services
Mr P Spyve	Divisional Manager, Governance & Integrated Planning
Mr R Russo	Governance Manager / Committee Secretary

Invitees:

Ms B Kelly	Director, Corporate & Technical Services (for Item A-1112.3)
Ms C Price	Divisional Manager, Parking Services (for Item A-1112.3)

At the commencement of proceedings at 10.05am, those present were as listed above with the exception of Cr Sloan and Mr Spyve who arrived at 10.12am and 10.22am respectively.

Ms Kelly and Ms Price left the meeting at 12.10pm.

A-1112.A

Apologies

Apologies were received and accepted from Mr T Reed.

A-1112.DI

Declarations of Interest

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

A-1112.1

Confirmation of Minutes of Previous Meeting – 14 October 2011

DECISION: That the Minutes of the Waverley Council Audit Committee Meeting of 14 October 2011; 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 subject to the following amendment to:

1. Item A-1110.7 – Confidential Report – External Audit Management Letter and Management’s Response (A04/0630)

Amend Part 4 of the Decision so that it reads:

“The Committee may request, through the General Manager, that the relevant Director participate at meetings, in the follow-up of Management Responses in relation to Audit and Progress reports.”

**A-1112.2
Matters Arising from Previous Minutes**

**A-1112.2.1
Audit Committee’s Report to Council (A09/1105)**

Part 5 of the Audit Committee Charter adopted by Council requires that the Committee report to Council twice yearly, preferably in May and November, on its activities.

At its last meeting, the Committee resolved that a report be prepared by the Committee’s Chair for endorsement by voting members and tabling at the November Council Meeting and that the Annual and Three Year Audit Plans be submitted to Council as part of the Committee’s report.

Attached to the agenda for this meeting was a copy of the report prepared by the Committee’s Chair and included on the Council meeting agenda for 15 November 2011. At that meeting Council resolved to receive and note the report of the Audit Committee subject to the following amendments:

1. That the first dot point under the subheading “Councillors” on the first page of the report be replaced with the following:

“Councillor Kerryn Sloan (Current Member) – endorsed by Council on 18 October 2011 at the Council Meeting. Councillor Prue Cancian (Alternate) – endorsed by Council on 22 September 2011 at the Council (Mayoral Election) Meeting”.
2. The Summary of Committee Meetings and Member Attendance table in the report be amended to now read as follows:

Meeting Date	Noel Hall	Martin Bass	Cr Tony Kay	Cr Kerryn Sloan Cr Prue Cancian (Alt)
14/10/2011	✓	✓	Ceased to be a member on 22 September 2011	✓ (Cr Prue Cancian)
22/07/2011	✓	✓	✓	
27/04/2011	✓	✓	✓	

DECISION: That the Committee receive and note this information.

A-1112.3

CONFIDENTIAL REPORT – Internal Audit of On-street Parking (A10/0631)

Confidential report dated 21 November 2011 from the Director, Corporate and Technical Services updating the Audit Committee on the Status of the Management Action Plan arising from the internal audit of On-street Parking.

A copy of the Confidential report was distributed separately with the agenda.

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

DECISION: That:

1. The report be treated as confidential in accordance with the provisions of Section 6.4(d) of Waverley Council's Audit Committee Charter for the following reason:
 - (a). The report contains commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

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.
2. 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.
3. The Committee receive and note the report.
4. The External Auditor be requested to review the existing reconciliation process and recommend a template for a more robust system for meter parking.

A-1112.4

Schedule of Meeting Dates for 2012

The Committee adopted the following schedule of meeting dates for 2012. The schedule takes into consideration the Committee's reporting requirements to Council in May and November 2012 and members' availability.

- 10.00am, Friday, 17 February 2012
- 10.00am, Friday, 20 April 2012
- 10.00am, Friday, 20 July 2012
- 10.00am, Friday, 12 October 2012
- 10.00am, Friday, 7 December 2012

DECISION: That the Committee receive and note this information.

A-1112.5 GENERAL BUSINESS

A-1112.5.1

Department of Premier & Cabinet – Division of Local Government – Circular to Councils – Circular No. 11-37 – Council Procurement and Contract Management Practices – Contracts for Consultancy and Professional Services

Mr Mead tabled a Circular to Councils, dated 25 November 2011 from the Division of Local Government about issues arising from a recent investigation of Wyong Council in relation to council procurement and contract management practices and in particular contracts for consultancy and professional services.

In summary, the Division has indicated that in light of the issues identified in the investigation, it is intending that future 'Promoting Better Practice' reviews will monitor the following practices of councils:

- the treatment of the status of temporary contract personnel;
- the variation of contracts;
- the appointment of temporary contact personnel to identified positions within a council's organisational structure.

DECISION: That with the General Manager's concurrence a review of Council's contracts for consultancy and professional services be conducted by the Senior Internal Auditor as a Special Management Request and a report on the findings be prepared for the Committee's consideration.

THE MEETING CLOSED AT 12.15PM

REPORT TO AUDIT COMMITTEE

Internal Auditor's Progress Report (A10/0345)

Report dated 6 February 2012 from the Senior Internal Auditor providing an update on progress with the Financial Years 2010/11 and 2011/12 Audit Plans respectively.

Recommendation: That:

1. The Committee receive and note this progress report.
2. The Committee receive and note the Confidential Internal Audit Reports of the Budgeting Review, General Insurance Review and Developer Contributions – Section 94A Review which have been distributed separately with the Agenda.
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.

Overview

At the time of the last Audit Committee meeting, Waverley Council had committed to a 5 day Internal Audit function with added resources being provided by SSROC. Recently, in late January 2012 Tracey Walmsley, the Senior Internal Auditor has since submitted her resignation to SSROC and will no longer be available for the service. The resignation will have an impact on fulfilling the FY12 Audit Plan until SSROC can provide and determine a solution. This solution will ensure the audit activities scheduled over the remainder of the year continue with momentum, as endorsed by the Audit Committee.

Furthermore, Internal Audit has continued with the work on the FY12 Audit Plan and follow up reviews relating to FY11 Audit Plan and will continue to report to the Audit Committee regularly on its status.

Progress on reviews carried forward from the FY11 Audit Plan

Internal Audit has recently finalised with Waverley Councils' Executive team the last remaining reports relating to the FY11 Audit Plan. The Management and the Executive have agreed with the observations and completed action plans to address the issues. The following reviews were finalised since the last meeting and will be attached as separate confidential reports. The reviews are as follows:

REPORT TO AUDIT COMMITTEE

1. Budgeting Review
2. General Insurance Review
3. Developer Contributions –Section 94A

- **Customer Requests and Complaints Handling Review**

Since the last meeting held on 2nd December 2011, the Senior Internal Auditor has completed a review of the Customer Requests and Complaints Handling review and a draft report with key findings has been issued to the Divisional Managers for discussion and completion of management action plans with the Senior Internal Auditor. This review was prepared and completed by Tracey Walmsley as noted earlier who has since resigned.

Progress on FY12 Audit Plan

Since the last meeting held on 2nd December 2011, the Senior Internal Auditor has performed the following reviews:

Red	<i>A number of high risk action plans were not implemented.</i>
Amber	<i>The majority of action plans fully implemented with some partially implemented.</i>
Green	<i>The majority of action plans were fully implemented.</i>

- **Procurement Review**

A special Procurement review in the Public Works Department has since been completed from the time of the last meeting. The review has taken longer than planned to complete due to the timing of the review coinciding with the end of year festive season celebrations and planned holidays for the Senior Internal Auditor. A draft report will be circulated to management to discuss findings and a final report will be presented to Audit Committee at a future meeting.

- **Cash Management Part 1 - Follow Up**

The Senior Internal Auditor has commenced fieldwork for the follow up of the Cash Management Part 1 review that was originally completed in the FY11 Audit Plan. To facilitate Executive Management and Audit Committee focus on areas of greatest concern a follow up rating system has been introduced for each follow up report issued. The ratings are Red, Amber and Green with specific ratings denoting the following:

Recommendation: That:

1. The Committee receive and note this progress report.

REPORT TO AUDIT COMMITTEE

2. The Committee receive and note the Confidential Internal Audit Reports of the Budgeting Review, General Insurance Review and Developer Contributions –Section 94A Review which have been distributed separately with the Agenda.
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.

Sam Helweh
Senior Internal Auditor