

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



1 May 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, 11 MAY 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

Jo Reid, Governance and Integrated Planning Officer
Ph: 9369 8193 or email jreid@waverley.nsw.gov.au

AGENDA

A-1205.A Apologies

A-1205.DI Declarations of Interest

The Chair will call for Declarations of Interest.

A-1205.1 Confirmation of Minutes of Previous Meeting – 17 February 2012

PAGE 5

Recommendation: That the Minutes of the Waverley Council Audit Committee Meeting of 17 February 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-1205.2 Matters Arising from Previous Minutes

There were no matters arising from previous Minutes.

A-1205.3 Internal Auditor's Progress Report

PAGE 8

Report dated 11 May 2012 from the Senior Internal Auditor providing an update on progress with the Financial Year 2011/12 Audit Plan.

Recommendation: That:

1. The Committee receive and note this progress report.
2. The Committee receive and note the Confidential Internal Audit Report of Procurement in Public Works which has been distributed separately with the Agenda.
3. The above Internal Audit 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 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 report relevant to the subject business be withheld from the public as provided by Section 6.4 of the Audit Committee Charter.

A-1205.4

Draft Financial Year 2012/13 Audit Plan

PAGE 10

Report dated 11 May 2012 from the Senior Internal Auditor seeking the approval of the Draft Financial Year 2012/13 Audit Plan

Recommendation: That the Committee receive and note this report.

A-1205.5

ISSUED SEPARATELY

CONFIDENTIAL REPORT - Audit Management Letter – Observations and Responses

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

Confidential External Audit Findings Report and Management's response is attached in the agreed format.

Recommendation: That:

1. The Committee receive and note the report.
2. 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.
 - (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 report relevant to the subject business be withheld from the public as provided by section 6.4 of the Audit Committee Charter.

A-1205.6

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, 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-1205.7

GENERAL BUSINESS

**MINUTES OF THE WAVERLEY COUNCIL
AUDIT COMMITTEE MEETING HELD AT THE
WAVERLEY COUNCIL CHAMBERS ON
FRIDAY, 17 FEBRUARY 2012**

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

Invitee:

Mr P Brennan	Director, Planning and Environmental Services (for Item A-1202.3 – Internal Auditors' Report on Developer Contributions – Section 94A Review)
--------------	---

At the commencement of proceedings at 10.05am, those present were as listed above with the exception of Cr Sloan who arrived at 10.20am.

Mr Brennan arrived at the meeting at 10.30am and left at 11.20am.

Mr Reed left the meeting at 12.30pm.

**A-1202.A
Apologies**

Late apologies were received and accepted from Cr K Sloan.

**A-1202.DI
Declarations of Interest**

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

A-1202.1

Confirmation of Minutes of Previous Meeting – 2 December 2011

DECISION: 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 were no Matters arising from Previous Minutes.

A-1202.3

Internal Auditor's Progress Report

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.

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 Confidential Internal Audit Reports of the Budgeting Review, General Insurance Review and Developer Contributions –Section 94A Review which were distributed separately with the Agenda.
3. The Internal Audit Reports of the Budgeting Review, General Insurance Review and Developer Contributions –Section 94A 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. In regard to the Internal Auditors' General Insurance Review report, Council Management in its action plan prioritise action based on a prudent assessment of risk minimisation and financial benefit to the organisation.

A-1202.4

Schedule of Meeting Dates for 2012

DECISION: That the following schedule of meeting dates be adopted for the remainder of 2012:

- 10.00am, Friday, 11 May 2012
- 10.00am, Friday, 20 July 2012
- 10.00am, Friday, 12 October 2012
- 10.00am, Friday, 7 December 2012

A-1202.5

GENERAL BUSINESS

There were no items of General Business.

THE MEETING CLOSED AT 12.50PM

REPORT TO AUDIT COMMITTEE

Internal Auditor's Progress Report

Report dated 11 May 2012 from the Senior Internal Auditor providing an update on progress with the FY 2011/12 Audit Plan and seeks approval of the Draft FY 2012/13 Audit Plan respectively.

Recommendation:

1. That Committee receive and note this progress report;
2. That Committee receive and approve the FY2013 Audit Plan (see attached); and
3. The Committee receive and note this report on the review (see attached) of:
 - a. Procurement in Public Works

Overview.

At the time of the last Audit Committee meeting, it was mentioned that Tracey Walmsley had resigned and may impact the delivery of the full 2012 Audit Plan. However, since then, SSROC has appointed a new Senior Internal Auditor, Seyoone Kidnapillai who commenced in late March, 2012 on a 2 day shared agreement with Botany City Council. Seyoone has jumped straight in the deep end and has annual planning of the proposed FY2013 Audit Plan, and kick off planning for the Delegations of Authority review.

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 FY12 Audit Plan

Since the last meeting held on 17th February 2012, the Senior Internal Auditor has compiled a summary of the reviews and their status in the table below:

Auditable Area	Status				
	Planning	Fieldwork	Reporting	Completed	Finalised
Procurement	✓	✓	✓	✓	✓
Customer Complaints & Request Handling	✓	✓	✓	✓	✓
*Contractors and Consultants	✓	✓	✓	x	x
Delegations of Authority	✓	x	x	x	x
Fleet Management	✓	x	x	x	x

• Delegations of Authority Review

This review has since commenced and is in the planning phase and terms of reference will be issue in the first week of May. The review is instrumental on the back of the Procurement review just completed to ensure adequate controls and improvements are optimised when making changes.

• Fleet Management Review

This review is under the planning process and terms of reference will be issued to the organisation in early May. This review may be the last review of the FY 2012 Audit Plan.

REPORT TO AUDIT COMMITTEE

- **Customer Requests and Complaints Handling Review**

Since the last meeting, this review has now been completed and finalised and will be available at the next Audit Committee meeting.

- **Contractors and Consultants Review**

This review has been requested by the management and did not form part of the FY2012 Audit Plan. The report will be available at a future audit committee meeting.

Follow Ups

A total of two follow up reviews have been completed as per the FY2012 Audit Plan, they include:

- a. Cash Management Part 1
- b. Domestic Waste

The Senior Internal Auditor has adopted a self-assessment methodology for reviewing the original audits performed. All responsible managers were asked to complete an Excel spreadsheet pre populated with the high issues and their respective management action plans. The managers were asked to complete the spreadsheet and to provide supporting evidence on the implementation of their action plans.

After careful analysis, Internal Audit had concluded that both reviews had been rated RED, under the rating scale proposed to the Audit Committee at the last meeting. This RED rating, illustrates that the HIGH risk issues have either been not implemented or partially implemented to the required level of Internal Audit to provide the assurance needed.

Discussions have been held to ensure all management action plans are implemented and documented for Internal Audit to provide the assurance to the Audit Committee in the future. In saying this, the Internal Audit function is in its infancy phase at Waverley Council and the awareness and education process will be re-communicated once more the importance and relevance of the Internal Audit functions.

Recommendation:

That the Audit Committee receives and note this progress report and the following reports relating to the FY11/12 Audit Plan and the Draft FY 2012/13 Audit Plan as attached:

1. Procurement Review
2. Draft FY2012/13 Audit Plan