



W A V E R L E Y
C O U N C I L

AUDIT COMMITTEE MEETING

10.00AM, FRIDAY 24 MARCH 2017

Waverley Council
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AUDIT COMMITTEE MEETING

A meeting of the Waverley Council Audit Committee will be held in the Tamarama Room, Level 3, Waverley Council Chambers, Corner Bondi Road and Paul Street, Bondi Junction at:

10.00am, Friday 24 March 2017

COMMITTEE MEMBERS:

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

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

ATTENDEES:

Ms C Henderson – Acting General Manager
Mr F Rombola – Executive Manager, Financial Waverley
Mr S Helweh – Senior Internal Auditor
Ms J Worthy – Manager, Internal Ombudsman’s Office

INVITEES:

Ms L Bathur – Acting Director, Waverley Life
Mr G Mottau – Director, Audit and Assurance, Hill Rogers
Ms W Liao – Director, Financial Audit Services, Audit Office of New South Wales

QUORUM:

Two Committee members.

APOLOGIES:

By telephone or email to:

Al Johnston, Governance & Internal Ombudsman Officer
Ph: 9083 8107 or email alan.johnston@waverley.nsw.gov.au

AGENDA

A-1703.A Apologies

A-1703.DI Declarations of Interest

The Chair will call for Declarations of Interest.

A-1703.1 Confirmation of Minutes of Previous Meeting – 10 June 2016

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Recommendation: That the Minutes of the Waverley Council Audit Committee Meeting of 10 June 2016; 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-1703.2 Audit Function at Waverley Council (A09/1105)

Under the Local Government Amendment (Governance and Planning) Act 2016 the Auditor-General is now the auditor of all NSW councils (s.422).

Ms Weini Liao from the Audit Office of NSW has been appointed by the Auditor-General to oversee the audit function at Waverley Council.

Ms Liao will explain the changes in the audit process to the Committee.

Recommendation: That the Committee receives and notes this information.

A-1703.3 Internal Audit's Progress Report (A10/0345)

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Report from the Internal Auditor about progress with the FY16-17 Audit Plan.

Recommendation: That the Audit Committee receives and notes the report.

Interim Audit - Response to 2016 Audit Management Letter (A04/0630)

Report from the Executive Manager Financial Waverley about Council's response to Hill Rogers' 2016 Audit Management Letter.

Recommendation: That the Committee receives and notes the report.

CONFIDENTIAL REPORT - Internal Audit Special Request Report on Cash Management at Bondi Pavilion (A09/1105)

Confidential Internal Audit Special Request Report on cash management at Bondi Pavilion issued January 2017.

Recommendation: That:

1. The Audit Committee receives and notes 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 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.

Randwick Waverley Woollahra Combined Audit Committee Meeting October 2016 (A09/1105)

Mr Martin Bass and Mr Noel Hall will brief the Committee on the Combined Audit Committee Meeting held in October 2016.

The minutes of the combined meeting are attached to the agenda.

Recommendation: That the Committee receives and notes the information.

A-1703.7

Next Meeting of the Committee (A09/1105)

The next meeting of the Committee is scheduled to be held at:

- 10.00am on Friday 9 June 2017

Recommendation: That the Committee receives and notes this information.

A-1703.8

GENERAL BUSINESS

**MINUTES OF THE WAVERLEY COUNCIL AUDIT
COMMITTEE MEETING HELD AT THE WAVERLEY
COUNCIL CHAMBERS ON FRIDAY 10 JUNE 2016**

Voting Members Present:

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

Also Present:

Mr P Brown	General Manager
Mr S Helweh	Internal Auditor
Cr T Kay	Waverley Council (Alternate Council Representative)
Mr F Rombola	Executive Manager, Financial Waverley
Mr J Wire	Manager, Procurement, Fleet and Stores
Mr A Johnston	Committee Secretary

At the commencement of proceedings at 10.10am, those present were as listed above.

A-1606.A

Apologies

There were no apologies.

A-1606.DI

Declarations of Interest

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

A-1606.1

Confirmation of Minutes of Previous Meeting – 11 December 2015

DECISION: That the Minutes of the Waverley Council Audit Committee Meeting of 11 December 2015; 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-1606.2

Internal Audit's Progress Report (A10/0345)

The Internal Auditor provided a verbal update on progress with the FY15-16 Audit Plan.

DECISION: That the Committee receives and notes the progress report on the FY15-16 Audit Plan.

A-1606.3

Internal Audit FY16-17 Audit Plan (A10/0345)

The Internal Auditor presented the revised FY16-17 Audit Plan.

DECISION: That:

1. The Committee adopts the FY16-17 Audit Plan attached to the agenda subject to the Internal Auditor and the General Manager determining whether any additional items should be included in the Plan giving consideration to the possible Council merger.
2. The Committee supports the proposal in Council's Implementation Plan for a joint meeting of the Waverley, Randwick and Woollahra Audit Committees to be held within 30 days of the proclamation.

A-1606.4

CONFIDENTIAL REPORT - Internal Audit Follow Up Report on Fleet Management

Confidential Internal Audit Follow Up Report on Fleet Management issued February 2016.

DECISION: That:

1. The Committee receive and note the Confidential Internal Audit Internal Audit Follow Up Report on Fleet Management.
2. The Confidential Internal Audit Internal Audit Follow Up Report on 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.
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-1606.5

CONFIDENTIAL REPORT - Internal Audit Report Review of Store Cards

Confidential Internal Audit Report Review of Store Cards issued May 2016.

DECISION: That:

1. The Committee receive and note the Confidential Internal Audit Report Review of Store Cards.
2. A Guideline or Procedure be prepared for the use of store cards that includes expenditure limits and a list of items that may be purchased.
3. The Confidential Internal Audit Report Review of Store Cards 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-1606.6

Next Meeting of the Committee (A09/1105)

The next meeting of the Committee is scheduled to be held at:

- 10.00am on Friday 9 September 2016

DECISION: That the meeting scheduled for 9 September 2016 be brought forward to a date to be advised by the General Manager in consultation with the Internal Auditor.

A-1606.7

GENERAL BUSINESS

There were no matters of General Business.

THE MEETING CLOSED AT 12.15 PM.

Internal Audit

Subject: Internal Audit Progress Report
Trim File No.: A10/0345
Author: Sam Helweh, Senior Internal Audit Consultant (SSROC)



Recommendation:

That the Audit Committee receives and notes this report.

1. Cash Management (Bondi Pavilion) Review

A final audit report is listed separately on the meeting Agenda.

2. Work in Progress

Roads & Footpath Restorations Review

Internal Audit was asked to perform a review of the process for Roads & Footpath restorations by the former General Manager – Peter Brown. The outcomes of the review have yet to be discussed with management. However, a draft report has been prepared and will be presented to line managers and the Acting General Manager – Cathy Henderson shortly.

Supplier Management (Maintenance & Construction) Review

Internal Audit was asked to perform a review of the process for Supplier Management (Maintenance & Construction) by the former General Manager – Peter Brown. The fieldwork has been completed and the draft report is being prepared, with the outcomes of the review to be discussed with management. Once the findings have been discussed with management, the final report will be presented at next audit committee, should a committee sitting happen upon proclamation.

3. Other Business

The current uncertainty with council mergers has impacted the ability for Internal Audit to prepare annual audit plan, as has been done in previous years. The current arrangements for the Senior Internal Audit Consultant, as per former General Manager, is to continue to support the Acting General Manager – Cathy Henderson and to conduct special reviews in either an advisory or limited testing capacity. Hence, the current work performed by Internal Audit Consultant will be to meet the requirements of Waverley Council until the date of proclamation. Furthermore, the Internal Audit Consultant was involved in an advisory role within the council's transition team.

4. Conclusion

The SSROC Senior Internal Audit Consultant, is currently still employed on a 3-day arrangement with Waverley Council until June 30, 2017 or sooner (pending proclamation). However, the uncertainty at council will continue to impede on the continued operation of Internal Audit function, with many staff and their managers still involved with merger transition projects and business as usual. I would like to professionally thank Waverley Council executive management and its staff for their continued cooperation, access and efforts with the Internal Audit function.

Internal Audit

Subject: Interim Audit Response to 2016 Management Audit Letter



Trim File No.: A04/0630

WAVERLEY
COUNCIL

Author: Francesco Rombola, Executive Manager, Financial Waverley

Recommendation:

That the Committee receives and notes the report.

Introduction:

Hill Rogers conducted its interim Audit in April 2016, resulting from that interim Audit Waverley council received an Audit Management letter on the 4 July 2016. This report is to outline the response to Hills Roger and a brief outline of the process we went through to compile our response.

Discussion:

The interim audit portion of the yearly Financial Audit conducted by Hills Roger brought up some items for management's attention through their Audit Management letter. Once received, and at the request of the then General Manager, Peter Brown, a summary of the last three years External Audit letters and the current status of issues raised was commissioned for presentation to the General Manager. This was completed in June 2016.

In December 2016, the then General Manager, Peter Brown, requested an updated status report. This report was the basis for the proposed response to the external auditors and it contains the responses from the various program areas on items they were/are responsible for.

From this a proposed response to Hill Rogers has been drafted and is to be submitted to our ELT for approval. As part of this process, Finance has partnered with the various areas to clear as much of the items as is possible.

The Audit response is yet to be approved and will be tabled at the next Audit Committee meeting once approved.

Conclusion

The Audit response letter will be tabled at the next Audit committee meeting after it has been approved by ELT.

Meeting of the Independent members of the Audit Committees of Randwick, Waverley & Woollahra Councils and General Managers

Wednesday 19 October 2016

Meeting No. 01.16

PRESENT

Ray Brownlee, General Manager, Randwick Council
Gary James, General Manager, Woollahra Council
Peter Brown, General Manager, Waverley Council
Carl Millington, Randwick Council
Jeremy Bingham, Randwick Council
John Rayner, Randwick Council
John Gordon, Woollahra Council
Jason Masters, Woollahra Council (via teleconference)
Noel Hall, Waverley Council
Cheryle Burns, Manager Business Assurance and Risk, Woollahra Council
Deirdre Cooper, Internal Auditor, Randwick Council
Nadia Magistrale, Minute Secretary, Randwick City Council

1. Apologies

Apologies received from Martin Bass, Waverley Council.

2. Introduction

Ray Brownlee welcomed everyone to the meeting and advised the purpose of the meeting was to bring the 3 audit committees together to learn how their audit committees operate and to review the discussion paper.

Attendees introduced themselves and gave an overview of their experience and involvement on audit committees.

3. Disclosure of Interest

Jason Masters advised that his firm is currently providing probity advice to Waverley Council and requested the view of the attendees as to whether he should continue to participate in the meeting.

The consensus of the attendees was there was no potential conflict until it's a merged council and therefore Jason should continue to participate in the meeting and with the discussion.

4. Audit, Risk and Improvement Committee Discussion Paper

Each independent member gave an overview of how their Council undertakes its audit function and how the audit committee operates.

Following discussion of items in the discussion paper "Audit, Risk and Improvement Committee" the following decisions were agreed on:

- **Local Government Amendment Bill**

The interpretation and implication of functions listed under Item 1 were discussed at length, particularly in relation to function (h) review of the collection of performance measurement data by the Council and the provision of information to the Council for the purpose of improving the Council's performance of its functions.

- **Size, Composition and Term of the Committee**

Action:

Size – keep all existing 7 independent voting members

Composition – to be determined as part of the development of the draft Committee Charter

Term – until the appointment of the new council following the 2017 local government election

Quorum – 4

- **Meeting Frequency**

Action: Quarterly meetings (4 meetings per year) and additional meetings as required.

- **Committee Charter**

Action: That a draft Committee Charter be prepared for review at the next combined meeting.

- **Internal Audit Charter**

Action: That a draft Internal Audit Charter be prepared for review at the next combined meeting.

5. General Business

5.1 Schedule of meetings for combined Committee

Action: That a schedule of meetings for the combined Committee be prepared.

5.2 Induction Process at Woollahra

Cherlye Burns advised that Woollahra Council has developed a good induction process which they would be pleased to share.

Meeting closed – 1:55pm

Date of next meeting – to be confirmed

DRAFT