

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



19 July, 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, 27 JULY 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
Mr S Kidnapillai – 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-1207.A Apologies

A-1207.DI Declarations of Interest

The Chair will call for Declarations of Interest.

A-1207.1 Confirmation of Minutes of Previous Meeting – 11 May 2012

PAGE 4

Recommendation: That the Minutes of the Waverley Council Audit Committee Meeting of 11 May 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-1207.2 Matters Arising from Previous Minutes

There were no matters arising from previous Minutes.

A-1207.3 Internal Auditors' Progress Report

PAGE 7

Report dated 17 July 2012 from the Internal Auditors providing an update on progress with both the 2011/12 and 2012/13 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 Delegations of Authority and Customer Complaints and Request Handling 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-1207.4
Audit Committee's Report to Council (A09/1105)

PAGE 10

Section 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.

The report for the period November 2011 to May 2012 has been prepared by the Committee's Chair and is presented for endorsement by voting members of the Committee prior to tabling at the Council meeting to be held on 21 August, 2012.

Recommendation: That:

1. The report be endorsement by voting members of the Committee and tabling at the August Council Meeting.
2. As previously resolved by the Committee, the 2012/13 Audit Plan and the Three Year Audit Plan will be submitted to Council as part of the Committee's report.

A-1207.4
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 November 2012.

- 10.00am, Friday, 12 October 2012
- 10.00am, Friday, 7 December 2012

Recommendation: That the Committee receive and note this information.

A-1207.5

GENERAL BUSINESS

**MINUTES OF THE WAVERLEY COUNCIL
AUDIT COMMITTEE MEETING HELD AT THE
WAVERLEY COUNCIL CHAMBERS ON
FRIDAY, 11 MAY 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 S Helweh	Senior Internal Auditor
Mr S Kidnapillai	Senior Internal Auditor
Mr I Mead	Divisional Manager, Finance & Information Systems & Services
Ms J Reid	Governance Officer / Committee Secretary

At the commencement of proceedings at 10.05am, those present were as listed above.

**A-1205.A
Apologies**

Apologies were received from:

Mr T Reed, General Manager
Mr G Mottau, Director, Hill Rogers Spencer Steer

**A-1205.DI
Declarations of Interest**

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

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

DECISION: 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

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

DECISION: 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.
5. Internal follow-up reports are to be formally tabled at the next and subsequent, meetings of the Audit Committee.
6. That the General Manager be requested to attend the next Audit Committee meeting and, at the discretion of the General Manager, Council's Directors be also invited to attend to discuss the Committee's concerns regarding the will of the organisation to implement changes that emanate from the internal and external audit process.

A-1205.4
Draft Financial Year 2012/13 Audit Plan

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

DECISION: That the Committee receive and note this report.

A-1205.5

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.

DECISION: 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

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

- 10.00am, Friday, 27 July 2012
- 10.00am, Friday, 12 October 2012
- 10.00am, Friday, 7 December 2012

A-1205.7

GENERAL BUSINESS

There were no items of General Business.

THE MEETING CLOSED AT 12.40PM

REPORT TO AUDIT COMMITTEE

Internal Audit's Progress Report

Report dated 17 July 2012 from the Internal Auditors providing an update on progress with both the 2011/12 and 2012/13 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 Delegations of Authority and Customer Complaints and Request Handling 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, in May 2012, the FY13 Audit Plan was approved and commencement has begun, with Internal Audit kicking off two reviews. There has also been carried over work from the FY12 Audit Plan with reviews that are nearing finalisation. The stages of the Internal Audit reporting will continue to be tabled to the Audit Committee on a regularly as per the tables below.

Progress on FY12 Audit Plan

Since the last meeting held on 17th May 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
Customer complaints and requests handling	✓	✓	✓	✓	✓
Delegations of Authority	✓	✓	✓	✓	✓
Fleet Management	✓	✓	✓	x	x
Contractors and Consultants	✓	✓	✓	x	x

REPORT TO AUDIT COMMITTEE

▪ Fleet Management

This review is in the reporting process, a draft report has been issued to management for comments and action plans to be completed.

▪ Contractors and Consultants

This review was a special management request and did not form part of the FY12 Audit Plan. The report will be available at a future audit committee meeting.

Progress on FY13 Audit Plan

Since the last meeting held on 11th May 2012, the Internal Auditor's have commenced some reviews and their status is listed in the table below:

Audit Plan reviews	Status				
	Planning	Fieldwork	Reporting	Completed	Finalised
Cash Management – Part II	✓	✓			
Waverley Pavilion	✓				
Accounts Payable					
Asset Maintenance – Kerbs & Gutter					
Property investment strategy					
Disaster recovery					
Risk management					

▪ Cash Management – Part II

Internal Audit is currently undertaking a review of Cash Management Part II, in accordance with the defined FY13 Audit Plan. This review is currently at the fieldwork stage, cash handling sites included within the scope of review are the Waverley Cemetery, Gardiner Child Care Centre and Waverley Child Care Centre.

▪ Waverley Pavilion

Internal Audit is currently undertaking some planning for the review of the newly completed Waverley Pavilion. The Waverley Pavilion was a multimillion-dollar project by Waverley Council to replace the old condemned building at Waverley Park hillside.

Follow Ups

A total of two follow up reviews have been scheduled as per the FY13 Audit Plan, including:

- a) Property Management
- b) On Street Parking

REPORT TO AUDIT COMMITTEE

A memo has been issued to management for the commencement of the "Property management" follow up, which is anticipated to be completed by the end of July, 2012 and will be reported in a future Audit Committee meeting.

Recommendation: That:

1. The Committee receive and note this progress report.
2. The Committee receive and note the Confidential Internal Audit Reports of Delegations of Authority and Customer Complaints and Request Handling 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:
 - (b). The reports contain commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.
 - (c). 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.

REPORT TO COUNCIL

Waverley Audit Committee Bi-Annual Report - May 2012 (A09/1105)

Report dated 19 July 2012 from the Chairperson, Waverley Audit Committee on the operations of the Waverley Audit Committee for the period November 2011 to May 2012 as required under the Audit Committee Charter.

Recommendation: That Council receive and note the report.

Purpose of Report

The Waverley Audit Committee under Part 5 of the Audit Committee Charter adopted by Council in September 2011 requires that the Committee report to Council on its activities at least twice a year, preferably in May and November. This is the first report to Council in 2012 on the operations of the Audit Committee and covers the period from November 2011 to May 2012.

Background / Introduction

Consistent with its commitment to open and transparent governance that meets the highest community expectations, in February 2010 Council resolved to enhance its governance framework by establishing an Internal Audit Function and an Audit Committee to provide Council with independent oversight and monitoring of Council's audit processes.

The principles adopted were based upon guidelines issued by the Department of Premier & Cabinet Division of Local Government in October 2008 and revised in 2010.

Following an advertising and assessment programme, Council appointed two suitably qualified, independent members for the Committee in May 2010 for the term of Council, after which they will be eligible for extension or re-appointment following a formal review of their performance.

The ordinary general election of Councillors will be held on 8 September 2012 after which a new Council will be declared. In accordance with the Audit Committee Charter, the current independent members will then be eligible for extension or re-appointment following a formal review of their performance.

Committee Members

The Committee is comprised of the following members:

Independents:

- Mr. Martin Bass (Chairperson)
- Mr. Noel Hall

REPORT TO COUNCIL

Councillors:

- Councillor Kerry Sloan
- Councillor Prue Cancian (Alternate)

Advisors to the Committee

All meetings:

- Tony Reed, General Manager
- Ian Mead, Divisional Manager, Finance & Information Systems & Services
- Sam Helweh, Senior Internal Auditor, SSROC
- Council's External Auditors Hill Rogers Spencer Steer, as required.

Meetings of the Committee

The table below sets out the meetings of the Committee held during the reporting period from November 2012 to date and members' attendance.

Summary Of Committee Meetings and Member Attendance

Meeting Date	Noel Hall	Martin Bass	Cr Kerry Sloan Cr Prue Cancian (Alt)
2 December 2011	✓	✓	Cr Sloan
17 February 2012	✓	✓	Cr Sloan
11 May 2012	✓	✓	Cr Sloan

Background to the Internal Audit Function

Following consideration of its requirements for suitably qualified internal resources, Council resolved to join with five other Southern Sydney Regional Organisation of Councils (SSROC) councils to develop a Shared Internal Audit function. The Shared Internal Audit Function is an initiative shared between the following Councils:

- Waverley Council
- Ashfield Council
- Marrickville Council
- Burwood Council
- Botany Council

The benefits of a shared service were that more resources could be acquired by the group and that learnings from the audit of one council can be used to focus areas of risk in other member councils.

The Internal Audit function is monitored by the Audit Committee, which itself is governed by a Charter that has been adopted by the Council. The Charter and the Internal Audit Function are based on best practice recommendations made by the Department of Premier & Cabinet Division of Local Government in their Guidelines.

REPORT TO COUNCIL

Following a successful first year of the Audit operation, Council at the request of the Committee contracted Ms Tracey Walmsley, an experienced Internal Auditor to co-lead and supplement the existing 3 days per week already allocated so as to provide for a full-time audit function to meet the 2012 Audit Plan requirements. Ms Walmsley resigned in December 2011 but during her employ completed a review of Customer Requests and Complaints Handling.

The resignation of Ms. Walmsley will affect the timely completion of the 2012 Audit Plan, however, following a recent recruitment process, Mr Seyonne Kidnapillai has been appointed on a 2 days per week arrangement to co-lead and supplement the 3 days per week provided by the Senior Internal Auditor, Mr Sam Helweh.

The 2012 Audit Plan is currently being reviewed based on results of the internal audit process to date, follow up actions of council's management in observation of internal audit findings and from a more formal risk review. Detailed discussions have also been held with the Executive team to align some reviews with council's strategic direction and activities undertaken by the council in meeting community expectations.

Achievements to Date

Since the Committee's last report to Council in November 2011, the following milestones have been achieved:

- (i) The 2012 Audit Plan is currently work in progress and it expected to deliver approximately 70% of the Audit Plan adopted by the Audit Committee. The current achievements of the Audit function continually demonstrate the commitment by management to its objectives and purpose
- (ii) The Committee reviewed, amended and approved the Audit Plans for the 2012/2013 year and 3 year plan – 2016, submitted by the Senior Internal Auditor.

A copy of the Audit Plan for 2012/2013 and 3 year Audit plan – 2016 are attached

- (iii) The Council has continued its support for resourcing Internal Audit to 5 days per week, supported by two Senior Internal Auditors provided by SSROC.
- (iv) A total of three (3) reviews have been completed since the last report. The completed reviews are as follows;
 - Customer complaints and requests handling
 - Procurement
 - Contractors and consultants

At this stage, the reports considered by the Committee have identified several issues of inadequate or ineffective internal controls, also many opportunities for operational efficiencies within each area reviewed. The Audit Plan provides for follow up reviews for these and all areas reviewed. The principal objective of such reviews is to ensure that appropriate action has been taken to remedy the issues identified through the internal

REPORT TO COUNCIL

audit process. Results of follow up audits will be included in future reports as they are completed. Since the last meeting, Internal Audit has conducted two follow up reports:

- Cash management part 1
- Domestic waste services

Informal management response to issues identified in reports has generally been positive, although the Committee has identified some responses that it regards as inadequate. In these cases it has scheduled earlier follow up reviews and has requested that Directors attend its future meetings when appropriate, to provide the Committee with details of follow-up actions to address issues identified through the audit process.

Analysis

Financial: Funds have been allocated in the budget for the operation and support of an internal audit function.

Delivery Program/Operational Plan: This activity is in line with Delivery Program Direction G1, Council's decision making processes are open, transparent and corruption resistant and based on sound integrated planning, and Direction G4, Council's operations are efficient, effective and provide value for money.

One of the deliverables in the 2010/2013 Delivery Program is the establishment and support of an internal audit function. This is supported by corresponding actions in the 2011/2012 Operational Plan to develop and implement an internal audit program, provide support to the Audit Committee and review the internal audit program.

Consultation: The contents of this report have been reviewed by Committee members and comments have been provided to the Chairperson and the Senior Internal Auditors.

Timeframe

The next Audit Committee report to Council will be prepared by the Chairperson for Council's consideration at its November 2012 meeting in accordance with the Audit Committee Charter.

Recommendation: That Council receive and note the report.

Martin Bass
Chairperson Waverley Audit Committee

Attachment 1: Audit Plan for 201/2013
Attachment 2: 3 year Audit Plan-2016



Waverley Council

Audit-in-Confidence

Audit Plan

For July 2012 to June 2013

The Internal Audit vision is to provide a highly valued internal audit function that assists management to achieve their business objectives and discharge their responsibilities by working together to develop an efficient and effective system of internal control and processes.

Foreword

The Audit Plan has been constructed to:

- Establish the scope of activities of the Internal Audit function through consultation with senior management and risk assessment.
- Reflect a review and analysis of the organisation's business activities and associated risks, and to align with organisations priorities.

Audit in Confidence

Carried forward from 2011/12 Audit Plan

Auditable Area	Proposed Scope	Rating	Days	Qtr	Status
Property Investment Strategy	Review of the process for consultation, planning, executing, reporting and compliance with government and agencies in relation to council property investment strategy	H	14	Q3	
Capital Works Program - Waverley Pavilion	Review the process for Capital Expenditure compliance with DLG, delegations, purchase order, estimations, contractor management, service levels and OHS end to end, and ensure project is completed within budget.	H	16	Q1	
Cash Management Pt2	Review the process for cash handling including the collection, handling, receipting, depositing and reconciliation across the councils operations	H	18	Q2	

Audit Plan 2012/13 - Proposed

Auditable Area	Auditor	Prioritisation Factors				Audit Coverage & Estimated Timelines			Status
		Corporate Risk	Risk Rating	Priority of Audit	Business Risk	Proposed Coverage	Days	Quarter Ending	
Accounts Payable	Sam Helweh	CR1, CR2,CR3,C R7,CR8,CR 9,CR10	L	C	BR2, ,BR7,BR9 , BR11	Review of the processes of supplier setup, authorisation, timely reporting & accurate payment and data mining.	10	Q1	
Asset Maintenance – Kerbs & Gutter	Sam Helweh	CR1, CR2,CR6,C R7,	H	A	BR2,BR5, BR7,BR1 0	Review the processes of the maintenance programs carried out on council assets by external service providers, internal staffing, service level agreements, authorisation and qualification of licences, works performed, pay rates for kerbs & gutter	18	Q2	

Audit in Confidence

Auditable Area	Auditor	Prioritisation Factors				Audit Coverage & Estimated Timelines			Status
		Corporate Risk	Risk Rating	Priority of Audit	Business Risk	Proposed Coverage	Days	Quarter Ending	
Disaster Recovery Management	Seyoone Kidnapillai	CR1, CR2, CR3, CR4, CR5, CR6, CR7, CR8, CR9, CR10	M	C	BR1	Review the progress on the implementation of the business continuity planning including the disaster recovery, this was previously raised by the Audit Committee at the early stages of the Internal Audit function inceptions	14	Q3	
Risk Management	Seyoone Kidnapillai	CR1, CR2, CR3, CR4, CR5, CR6, CR7, CR8, CR9, CR10	M	B	BR1	<p>Review of the councils risk management plans to provide assurance to the council that the key business risks are being effectively managed. Specifically this will include a review of the risk summary reports to:</p> <ul style="list-style-type: none"> ▪ Confirm the existence of control activities identified in the control framework; ▪ Ensure the completeness of risks and controls identified; ▪ Perform limited tests to determine the effectiveness of a sample of controls; and ▪ Determine the status of action plans. 	10	Q4	

Follow up reviews 2012/13

Auditable Area	Proposed Scope	Rating	Days	Qtr	Status
Property Management	Review of property lease management including lease administration, pricing, market competitiveness, selection of tenants, repairs, valuation, and rent reviews.	H	9	2	
On Street Parking	Review of the on-street car parking service provided, including the issuing of residential parking permits, processing of fines, accessing of personal information, segregation of duties, collection of outstanding fines look for processing efficiencies.	H	9	3	

Potential Strategic Risks in Local Government

#	Description
SR1	Operational - Failure to adequately anticipate and deliver the strategic and operational plans leading to poor public infrastructure and community dissatisfaction.
SR2	Financial - Loss of revenues, resources and assets due to inefficiencies in processes and inadequate financial management.
SR3	Reputational - Incidences of corruption, public safety, wastage of resources and poor public relationship management leading to breakdown of community confidence
SR4	Legislative - Failure to comply with legislative obligations leading to disputes/penalties
SR5	Environmental - Environmental incidences leading to environmental impacts/pollution

Waverley Council's Top Ten Corporate Risks

The top ten corporate risks identified by the Executive and their team are tabulated below, and are reflected in the Annual Audit Plan.

#	Description of corporate risks (Organisational risks for FY2012/2013)
CR1	Inability to manage community needs and expectations.
CR2	Inadequate community services provided.
CR3	Inadequate community consultation and consideration of community feedback.
CR4	Failure to safeguard integrity of council data and financial resources.
CR5	Failure of essential support systems.
CR6	Inability to sustain and enhance a reliable infrastructure.
CR7	Failure to maintain a safe environment for the community.
CR8	Inability to deliver on major community projects.
CR9	Inadequate planning, monitoring and environmental services in the deliverance of key projects to the community.
CR10	Conflicts of interest and incidences of corruption within council.

Common Business Risks

In undertaking the audits contained in the Annual Audit Plan, Business Risk focus has also taken into consideration thirteen of the most common business risks drawn from elements contained in the Guidance on Assessing Controls – the CoCo Principles (developed by the Canadian Institute of Chartered Accountants – Criteria of Control Board). These are summarised below.

#	Description of Business risks (Organisation risks for FY2012/2013)
BR1	Inability to withstand unanticipated events such as natural disasters
BR2	Unnecessary costs
BR3	Revenue not maximised
BR4	Internal and external information unreliable and / or irrelevant
BR5	Inefficient use of resources
BR6	Inability to take advantage of opportunities
BR7	Non-compliance with laws and regulations.
BR8	Failure to develop people
BR9	Loss of reputation / credibility
BR10	Quality of service or product not at acceptable standard.
BR11	Assets not safeguarded
BR12	Lack of safety of employees or customers or the environment

Waverley Council

Three Year Audit Plan

For July 2013 to June 2015

The Internal Audit vision is to provide a highly valued internal audit function that assists management to achieve their business objectives and discharge their responsibilities by working together to develop an efficient and effective system of internal control and processes.

Foreword

The Annual Audit Plan has been constructed to:

- Encompass the role of Internal Audit as defined in the Internal Audit Charter.
- Establish the scope of activities of the Internal Audit function through consultation with senior management and risk assessment.
- Reflect a review and analysis of the organisation's business activities and associated risks, and to align with organisations priorities.

Three Year Audit Plan for July 2013 to June 2015

Division	Auditable Area	Proposed Scope	Rating	2013	2014	2015
Business, Services & Property	Asset Maintenance	Review the processes of the maintenance programs carried out on council assets by external service providers, internal staffing, service level agreements, authorisation and qualification of licences, works performed, pay rates including; 1. Road Pavements 2. Kerb & Gutter 3. Footpath 4. Stormwater Drainage 5. Buildings	H	✓		
Compliance	Building Certification Compliance	Review of the certification processes and procedures of certification issuing, compliance with BASIX, currency and final authorisation of certification and collection of fees.	H		✓	
Cultural & Community Services	Child Care Centre	Review end to end processes of community programs (sample) to ensure community residents confidentiality is protected, appropriate funds management, delegation and services are fulfilled adequately (complaints), Preparedness for infectious / non infectious diseases outbreak - consider: <ul style="list-style-type: none"> ▪ influenza outbreaks ▪ staff spread of disease within Child Care Centres 	H			✓
Cultural & Community Services	Family Day Care	Review end to end processes of community programs (sample) to ensure community residents confidentiality is protected, appropriate funds management, delegation and services are fulfilled adequately (complaints)	H		✓	
Cultural & Community Services	Meals on Wheels Management (MoW)	Review of the processes to manage the MoW program, including candidate selection, transparency, fee collection, service levels, cash handling, ordering and delivery of meals.	H	✓		
Cultural & Community Services	Waverley Community Living Program (WCLP)	Review of the processes to manage the WCLP program, including candidate selection, transparency, collection of fees, administration of service and State funding disbursements	H			✓
Environmental Services	Sustainability	Review of the overall Environmental Action Plan and how council is planning to meet targets, progress reporting and milestone tracking.	H	✓		
Finance & Information	Procurement	Review the process end to end management of purchases, systems, delegations, authorisation and transparency in awarding supply of product and services	H			

Human Resources & Organisational Development	Risk Management	Review of the councils risk management plans to provide assurance to the council that the key business risks are being effectively managed. Specifically this will include a review of the risk summary reports to: <ul style="list-style-type: none"> Confirm the existence of control activities identified in the control framework; Ensure the completeness of risks and controls identified; Perform limited tests to determine the effectiveness of a sample of controls; and Determine the status of action plans. 	H			✓
Library & Customer Services	Customer Complaints & Request Handling	Review end to end the process for managing customer complaints, prioritisation, reporting, service delivery and issuing of information across the council, including; <ul style="list-style-type: none"> Customer service request system; Communication; and Access to Information 	H			
Library & Customer Services	Cash Management Pt 2	Review the process for cash handling including collection, handling, receipting, depositing and reconciliation across the councils operations	H			
Maintenance and Construction	Contractors and Consultants	Review of the processes and procedures for engagement of contractors and consultants across the organisation with particular focus on public works.	H	✓		
Recreation Community Planning & Partnerships	Community Housing Management (WHAP), (WHOP)	Review the processes of implementation of housing affordability management of the disadvantage community residents, transparency in selection, service level agreement, reporting, funds collection, tenant checks and maintenance of physical residence	H		✓	
Strategic Land Use Planning	Urban Planning (Zoning)	Review of the process to manage planning, end to end including issuing of s.149 Certificates (Zoning) compliant with EP&A Act 1979, the handling of sensitive development rezoning information (insider trading), securing of council records, delegations of authority	H			✓
Technical Services	Capital Works Program -Waverley Pavilion	Review the process for Capital Expenditure compliance with DLG, delegations, purchase order, estimations, contractor management, service levels and OHS end to end, and ensure project is completed within budget.	H			
Technical Services	Capital Works Program -Childcare Facility	Review the process for Capital Expenditure compliance with DLG, delegations, purchase order, contractor management, service levels and OHS end to end, and ensure project is completed within budget	H		✓	

General Managers Unit	Property Investment Strategy	Review of the process for consultation, planning, executing, reporting and compliance with government and agencies in relation to council property investment strategy	H			
Business & Services	Commercial Waste Services	Review of the processes to manage the commercial waste services including new customer setup, pricing, service levels agreements, compliance and financial performance.	M	✓		
Business & Services	Fleet Management	Review of the processes to manage the council fleet operations end to end, to ensure all assets maintained regularly, skilled & qualified personnel operating vehicles and compliance with RTA.	M			
Business, Services & Property	Off-street Parking	Review of property lease management including lease administration, pricing, market competitiveness, selection of tenants, repairs, valuation, and rent reviews.	M		✓	
Cultural & Community Services	Licensing Management	Review the processes for managing Bondi Junction use and activities and processing applications for approval to use Council's public amenities.	M	✓		
Finance & Information	Property Information Systems	Review the process end to end management of property information systems, segregation, issuing of data, storage of data, access to data etc	M		✓	
Finance & Information	Rates & Charges	Review the process of managing the rate pricing, charges, collection, enforcement and other council fees charged to community residents and commercial operators.	M	✓		
Governance, Admin & Executive	Compliance	Conduct a review on the level of compliance within council on the awareness of codes of conduct, registers, ethics, conflict of interest, etc	M	✓		
Human Resources & Organisational Development	General Insurance	End to End review of the councils general insurance management process, currency, claims management, payments including motor vehicle, marine, contract, public liability, electronic, machinery and Ensure all council insurances are current, applicable and competitive / offer value for service. Insurance Program Review to include: <ul style="list-style-type: none"> • values and deductibles • Asset values • Insurance alternatives • Policy coverage (inc 3rd party partners for events and staff indemnity) • Broker Services 	M			
Strategic Land Use Planning	Social and Affordable Housing	Review of the process of strategic planning for the development of affordable housing projects in line with Waverley Strategic directions, looking at site selection, residential criteria, funding and project	M		✓	

		management				
Cultural & Community Services	Special Event Management	Review the processes of the management of special events, including effective planning, coordination and monitoring special events held in Bondi beach and coastal reserves, ensuring that they are well managed and safe events that enhance the place and do not negatively impact on public amenity	L		✓	
Finance & Information	Accounts Receivable	Review of the end to end processes of monies collected, receipting, timely reporting, provisions, accurate billing rates	L			✓
Finance & Information	Delegations of Authority	Review the application of approved delegations of authority and monitoring of the purchasing and approval process.	L	✓		
Finance & Information	Employee Expenses	The processes of capturing, verifying, authorising and reimbursing employee expenses and travel costs according to policy and legal requirements, e.g. FBT.	L		✓	
Finance & Information	Accounts Payable	Review of the processes of supplier setup, authorisation, timely reporting & accurate payment and data mining.	L	✓		
Human Resources & Organisational Development	Recruitment and Selection	Review the process for the management of recruiting of new staff to council, including the advertising, interview, selection, awarding of position aligned to HR Strategic Plan.	L			✓
Human Resources & Organisational Development	Training & Development ~Compliance & Governance	Review the end-to-end management of the process of Training, Learning and Development to cover areas that can be impacted on through better risk management. Includes: <ul style="list-style-type: none"> ▪ Code of Conduct and Ethics Training review ▪ Adequacy of training ▪ Protected disclosures ▪ Corruption and Fraud awareness compliance training ▪ Risk management. 	L			✓
Human Resources & Organisational Development	Workers compensation	Review of the processes to manage Workers Compensation Claims from end to end, considering assessment, claim management and return to work practices.	L		✓	
Parks & Open Space Operations	Open Space Maintenance	Review the processes to manage the maintenance of open spaces, including parks, reserves, beaches whereby what contractors are engaged, service levels agreements, OHS, invoicing etc	L			✓

Parks & Open Space Operations	Parks and Reserves Bookings	Review the processes of bookings for parks, reserves and other open area council assets, to ensure correct fees charged, collection of funds, reconciliation	L			✓
-------------------------------	-----------------------------	--	---	--	--	---