

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE

held in the Flannel Flower Room, Civic Centre, Dee Why, on

Tuesday 14 November 2017

The meeting commenced at 3.05pm

Attendance:**Members of the Committee**

Mr Robert Dobbie
Ms Liezel Preller
Mr Brian Hrnjak

Council Officers (non-voting)

Mr Mark Ferguson, Chief Executive Officer
Ms Gabrielle Angles, Acting General Manager, Customer and Corporate
Mr David Walsh, Chief Financial Officer
Ms Sonya Gallery, Executive Manager, Governance and Risk
Ms Mary Ruppung, Head of Internal Audit
Ms Pamela Tasker, Governance Support Officer

Council Auditors (non-voting)

Mr Michael Quirk, Head of Internal Audit, North Shore Councils
Mr Krishnan Pechimuthoo, Internal Audit, North Shore Councils
Ms Melissa Broadhead, Partner, Ernst & Young
Mr Louis Wellard, Senior Manager, Ernst & Young
Mr Brett Hanger, Hill Rogers, External Auditors

Observers

Cr Rory Amon
Cr Sarah Grattan
Cr David Walton

Audit, Risk and Improvement Committee

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Preliminary Notes:

1. The Chair of the Audit, Risk and Improvement Committee was an apology to the meeting and the following decision was taken by the Committee:

COMMITTEE RECOMMENDATION

That Mr Brian Hrnjak act as Chair of the Audit, Risk and Improvement Committee for the remainder of the meeting.

(Mr Robert Dobbie / Ms Liezel Preller)

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2. Cr Amon, Cr Grattan and Cr Walton attended the meeting as Observers. Crs Amon, Grattan and Walton were welcomed to the meeting by the Chair.

1.0	Apologies
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Notes:

1. Apologies were received from the following members and invitees:
 - Mr John Gordon (Chair)
 - Ms Helen Lever, General Manager, Customer and Corporate
 - Ms Weini Liao, Director of Financial Audit Services, Audit Office of NSW
 - Ms Yan Yang, Hill Rogers
2. Ms Helen Lever was represented by Ms Gabrielle Angles, Acting General Manager, Customer and Corporate.

2.0	Declarations of Conflict / Pecuniary Interest
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Notes:

1. Mr Robert Dobbie made a precautionary disclosure that he has been appointed as Chair to the Audit, Risk and Improvement Committee of Willoughby Council.
2. Mr Brian Hrnjak made a precautionary disclosure that he has been appointed as a member to the Audit, Risk and Improvement Committees of Willoughby Council and as Chair to the Audit, Risk and Improvement Committee of Strathfield Council.

3.0 Confirmation of Minutes

COMMITTEE RECOMMENDATION

That the Minutes of the Audit, Risk and Improvement Committee Meeting held on 5 September 2017, copies of which were circulated to all members, be accepted as a true and accurate record of that meeting.

(Ms Liezel Preller / Mr Robert Dobbie)

FURTHER COMMITTEE RECOMMENDATION

That Item 5.1 – Update on the Financial Statements for the Period Ended 30 June 2017 – be dealt with first on the Agenda.

(Mr Robert Dobbie / Ms Liezel Preller)

5.0 Special Agenda Items

5.1 Update on the Financial Statements for the Period Ended 30 June 2017

Proceedings in Brief:

Mr David Walsh (Chief Financial Officer) and Mr Brett Hanger (Hill Rogers) addressed the meeting on this item.

ACTION ITEMS:

- ***An Extraordinary Meeting of the Audit, Risk and Improvement Committee is to be scheduled following finalisation of the Financial Statements for the week commencing 11 December 2017 and prior to presentation to Council on 19 December 2017.***

Notes:

1. The Audit, Risk and Improvement Committee noted the progress on the completion of the Financial Statements.
 2. Mr Brett Hanger (Hill Rogers) left meeting 3.33pm.
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COMMITTEE RECOMMENDATION

That the Committee now move to consider Item 4.0, Action Items from Minutes.

(Ms Liezel Preller / Mr Robert Dobbie)

4.0 Action Items from Minutes

Proceedings in Brief:

Ms Mary Ruppington (Head of Internal Audit) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the actions taken on the various items arising.

5.0 Special Agenda Items

5.2 Investment Policy Review

Proceedings in Brief:

Mr David Walsh (Chief Financial Officer) addressed the meeting on this item.

Note:

1. The Audit, Risk and Improvement Committee noted the report.
 2. The Audit, Risk and Improvement Committee noted that any changes to the Policy recommended by the Committee would be included and reported to Council if required.
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5.3 Excess Staff Leave Analysis

Proceedings in Brief:

Ms Mary Ruppington (Head of Internal Audit) addressed the meeting on this item.

ACTION ITEMS:

- ***That the Committee continue to be updated on Excess Staff Leave.***
- ***That an updated Excess Staff Leave Analysis Report (table to include total divisional staff numbers) be brought to the February 2019 meeting.***

Note:

The Audit, Risk and Improvement Committee noted the report on excess staff leave and the actions undertaken by Northern Beaches Council to manage the associated risks.

6.0 Governance and Risk Management

6.1 Risk Management Report

Proceedings in Brief:

Ms Sonya Gallery (Executive Manager, Governance and Risk) addressed the meeting on this item.

ACTION ITEMS:

- ***Outline of the draft Enterprise Risk and Opportunity Management Strategy to be brought to the February 2018 meeting.***
- ***Overview of the governance policy framework to be brought to the May 2018 meeting.***

Notes:

1. The Audit, Risk and Improvement Committee noted the report.
2. Cr Amon left the meeting at 4.30pm.

6.2 GIPA, PID, ICAC and Code of Conduct Complaints Matters

Proceedings in Brief:

Ms Sonya Gallery (Executive Manager, Governance and Risk) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the report.

6.3 Northern Beaches Council Compliments Register

Proceedings in Brief:

Ms Gabrielle Angles (Acting General Manager, Customer and Corporate) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the report.

7.0 Internal Audit Matters

7.1 Internal Audit Annual Plan (IAAP) 2017

Proceedings in Brief:

Ms Mary Ruppington (Head of Internal Audit), Ms Melissa Broadhead (EY) and Mr Louis Wellard (EY) addressed the meeting on this item.

ACTION ITEMS:

- *Internal Audit to consider conducting a Strategic Risk Workshop facilitated by Ernst & Young for Council's senior executives.*
- *That the results of the risk workshop, if undertaken, inform the Internal Audit Plan and be considered in the development of the Enterprise Risk and Opportunity Management Strategy.*
- *That cyber security be addressed in any IT audits going forward.*

Note:

The Audit, Risk and Improvement Committee noted the updated Internal Audit Annual Plan 2017 and the progress on the Internal Audit activities.

7.2 Implementation of Audit Recommendations

Proceedings in Brief:

Ms Mary Ruppington (Head of Internal Audit) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the report on the Implementation of Audit Recommendations.

7.3 Internal Audit Co-Sourcing

Proceedings in Brief:

Ms Mary Ruppington (Head of Internal Audit) addressed the meeting on this item.

ACTION ITEMS:

- *Management to report on the proposed Internal Audit model at the February 2018 meeting.*

COMMITTEE RECOMMENDATION

That the Audit, Risk and Improvement Committee notes the update and advice in regard to the considerations and development of the optimal model for Internal Audit at Northern Beaches Council.

(Ms Liezel Preller / Mr Robert Dobbie)

Notes:

1. Mr Michael Quirk had previously advised that he was retiring as the Head of Internal Audit for the North Shore Councils. The Chair and Committee thanked Mr Quirk for his past work and guidance on behalf of both the former Manly Council and Northern Beaches Council.
2. Mr Michael Quirk and Mr Krishnan Pechimuthoo (Internal Audit, North Shore Councils) and Ms Melissa Broadhead and Mr Louis Wellard (Ernst & Young) left the meeting at 5.08pm.

8.0 Audit, Risk and Improvement Committee Matters

8.1 Draft Audit, Risk and Improvement Committee Charter

Proceedings in Brief:

Ms Mary Ruppington (Head of Internal Audit) addressed the meeting on this item. Ms Ruppington tabled a revised version of the Audit, Risk and Improvement Committee Charter.

ACTION ITEMS:

- ***That the Transformation and Performance team formally report to the Audit, Risk and Improvement Committee quarterly as a function of the 'Improvement' component of the Charter.***
- ***That future Audit, Risk and Improvement Committee Agendas be structured so that the following matters be reviewed pursuant to Part 4A (428A) of the Local Government Amendment (Governance and Planning) Act 2016:***
 - ***Compliance***
 - ***Risk Management***
 - ***Fraud Control***
 - ***Financial Management***
 - ***Governance***
 - ***Implementation of the strategic plan, delivery program and strategies***
 - ***Service Reviews***
 - ***Collection of Performance Measurement Data by Council***
 - ***Any other matters prescribed by the regulations***
- ***That Section 3.1 Members (voting) be amended to read Three (3) Councillors.***
- ***That the diagram depicting the reporting line under Section 5, Reporting Arrangements, be reworded to clarify that the prescribed reporting lines are on an Operational Basis.***
- ***That the revised Audit, Risk and Improvement Committee Charter be brought to the May 2018 meeting for its next scheduled review.***

COMMITTEE RECOMMENDATION

That the Audit, Risk and Improvement Committee endorse the attached Draft Audit, Risk and Improvement Committee Charter, subject to any necessary revisions, and that it be brought back to the May 2018 meeting for scheduled review.

(Mr Robert Dobbie / Ms Liezel Preller)

8.2 Reappointment of Audit, Risk and Improvement Committee

Proceedings in Brief:

Ms Mary Ruppung (Head of Internal Audit) addressed the meeting on this item.

Notes:

1. The Committee noted the information concerning the reappointment of Members to the Audit, Risk and Improvement Committee.
 2. The Committee endorsed the proposed twelve (12) month extension.
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8.3 Appointment / Orientation for Elected Councillor Members

Proceedings in Brief:

The Chair addressed the Committee on any planned orientation for Councillor Delegates to the Audit, Risk and Improvement Committee. This discussion was deferred pending appointment of the three Councillor Delegates and the Committee was advised that it was proposed that the newly elected Councillors would be put through an orientation once appointed.

Note:

The Audit, Risk and Improvement Committee noted the advice concerning the orientation for Councillor Delegates.

8.4 Audit, Risk and Improvement Committee Succession Planning

Note:

This item was raised by Mr John Gordon and was deferred pending Mr Gordon's return to the Audit, Risk and Improvement Committee.

8.5	Annual Report to Council by Audit, Risk and Improvement Committee Chair
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Note:

This item was raised by Mr John Gordon and was deferred pending Mr Gordon's return to the Audit, Risk and Improvement Committee.

8.6	Councillor Expenses Policy
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Note:

This item was raised by Mr John Gordon and was deferred pending Mr Gordon's return to the Audit, Risk and Improvement Committee.

9.0	General Business
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9.1	Update by Chief Executive Officer
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Proceedings in Brief:

The Chief Executive Officer provided a verbal update to the Committee on both operational and transition matters.

10.0	Proposed Meetings Schedule
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Notes:

1. An Extraordinary Meeting of the Audit, Risk and Improvement Committee is to be scheduled following finalisation of the Financial Statements and prior to the presentation of the Financial Statements to Council on 19 December 2017.
2. The proposed meetings schedule for the Audit, Risk and Improvement Committee for 2018 is as follows:
 - **Tuesday, 13 February, 2018**
 - **Tuesday, 15 May, 2018**
 - **Tuesday, 14 August, 2018**
 - **Tuesday, 13 November, 2018**

All meetings are scheduled to commence at 3.00pm. Locations are to be advised.

**There being no further business the meeting closed at
6.00pm on Tuesday, 14 November, 2017**