

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE

held at Manly Town Hall on

Tuesday 5 September 2017

The meeting commenced at 3.01pm

Attendance:**Members of the Committee:**

Mr John Gordon (Chairperson)
Mr Robert Dobbie
Mr Brian Hrnjak
Ms Liezel Preller

Council Officers (non-voting):

Mr Mark Ferguson, Chief Executive Officer
Ms Helen Lever, General Manager - Customer and Corporate
Mr David Walsh, Chief Financial Officer
Ms Sue Meekin, Deputy CFO - Business Support and Reporting
Ms Sonya Gallery, Executive Manager - Governance and Risk
Ms Marnie van Dyk, Manager - Enterprise Risk
Ms Pamela Tasker, Administration Officer - Internal Audit

Council Auditors (non-voting):

Mr Brett Hanger, Hill Rogers
Ms Melissa Broadhead, Partner, Ernst & Young
Mr Michael Quirk, Head of Internal Audit, North Shore Councils

Observer:

Ms Mary Ruppung, Head of Internal Audit (Elect)

Audit, Risk and Improvement Committee**TABLE OF CONTENTS**

Item No.	Item	Page No
1.0	Apologies	4
2.0	Declarations of Pecuniary or Conflict of Interest	4
3.0	Confirmation of Minutes	4
4.0	Action Items from Minutes	4
5.0	Special Agenda Items	5
	5.1 Financial Statements for the period ended 30 June 2017	5
6.0	Transformation	6
	6.1 Integration Update	6
	6.2 IT Transition Projects and Risks Update	6
	6.3 Northern Beaches Hospital and Warringah Aquatic Centre Update	6
7.0	Governance and Risk Management	7
	7.1 Risk Management Report	7
	7.2 Report on GIPA, PID, ICAC and Code of Conduct Matters	7
8.0	Internal Audit	7
	8.1 Recruitment of Head of Internal Audit Update	7
	8.2 Draft Internal Audit Annual Plan (IAAP) 2017	8
	8.3 Implementation of Audit Recommendations	8
9.0	General Business	8
	9.1 Verbal Update by the Chief Executive Officer	8
10.0	Next Meeting	9

Preliminary Note:

Ms Mary Ruppington, newly appointed Head of Internal Audit for Northern Beaches Council, attended the meeting as an observer. Ms Ruppington was welcomed by the Chair and provided a brief outline of her professional experience to the Committee.

1.0 Apologies

Notes:

1. All voting members of the Audit, Risk and Improvement Committee were in attendance.
 2. Apologies were received from the following invitees:
 - Ms Weini Liao, Director of Financial Audit Services, Audit Office of NSW
 - Mr Louis Wellard, Senior Manager, Ernst & Young
 - Ms Yan Yang, Hill Rogers
 - Mr Krishnan Pechimuthoo, Internal Audit, North Shore Councils
 - Mr David Kerr, General Manager, Planning, Place and Community
-

2.0 Declarations of Conflict / Pecuniary Interest

Note:

Mr John Gordon (Chair) reiterated his precautionary disclosure that he has been appointed to the Audit and Risk Committees of both the Central Coast and Sutherland Shire Councils.

3.0 Confirmation of Minutes

COMMITTEE RECOMMENDATION

That the Minutes of the ARIC Meeting held on 16 May 2017, copies of which were circulated to all members, be accepted as a true and accurate record of that meeting.

(Mr Brian Hrnjak / Mr Robert Dobbie)

4.0 Action Items from Minutes

Proceedings in Brief:

Ms Marnie van Dyk (Manager Enterprise Risk) 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

5.1 Financial Statements for the Period Ended 30 June 2017

Proceedings in Brief:

Mr Mark Ferguson (Chief Executive Officer), Mr David Walsh (Chief Financial Officer), Ms Sue Meekin (Deputy CFO) and Mr Brett Hanger (Hill Rogers) addressed the meeting on this item.

General Purpose and Special Purpose Financial Report amendments recommended by the Audit Risk and Improvement Committee:

- Page 16 Changes in Equity: Mosman Council share to be revisited
- Page 23 Note 1(l) Community Land valuation: express NSW Valuer-General valuation
- Compare 2013 / 2016 valuations of community land
- Page 25 Note 1(t) Self Insurance: amend ***“has decided to self insure”*** to ***“self insures”***
- Page 26 Note 1: Consider annual reporting dates from Proclamation
- Note 32: Note 3A to be included
- Page 48 Note 11 repeat of Note 6(a) on Page 38: to be amended
- Page 62 Note (v) Other: line 5 repeat - delete ***“the Development Deed with”***
- Page 68 Note 27: Fair value measurement to be more specific
- Page 71 Note 29: Expand to explain surplus results from amalgamation, ie: one off)
- Page 97 Schedule 7: Define “satisfactory standard”

ACTION ITEMS:

- ***Any significant changes to accounts to be communicated to Committee members as soon as practicable.***

COMMITTEE RECOMMENDATION

That the Financial Statements for the period ended 30 June 2017 for Northern Beaches Council be endorsed by the Audit, Risk and Improvement Committee for presentation to Council subject to the implementation of recommended amendments as appropriate and timely communication to all Committee Members of any significant and/or substantial changes made to the Financial Statements.

(Mr Brian Hrnjak / Mr John Gordon)

Notes:

1. Mr David Walsh tabled an Issues Paper outlining Accounting Policies, Critical Accounting Estimates and Significant Judgements in applying Accounting Policies.
2. The Committee thanked Mr Walsh for the detailed Issues Paper and asked that congratulations be extended to Ms Meekin and the Finance team for the timely completion of the Financial Statements, particularly given the additional difficulties presented by the amalgamation.
3. Mr Hanger noted that the audit was still in progress and that no significant issues had emerged to date.
4. Mr Hanger and Ms Meekin left the meeting at 4.32pm.

6.0 Transformation

6.1 Integration Update

Proceedings in Brief:

Mr Mark Ferguson (Chief Executive Officer) addressed the meeting on this item.

Note:

The report on work undertaken to date was noted by the Audit, Risk and Improvement Committee.

6.2 IT Transition Projects and Risks Update

Proceedings in Brief:

Ms Helen Lever (General Manager, Customer and Corporate) addressed the meeting on this item.

ACTION ITEMS:

- *That an analysis on outstanding staff leave be reported to the next meeting.*
- *That a comprehensive review of the Systems Design be considered for 2018.*

Note:

The report on work undertaken to date was noted by the Audit, Risk and Improvement Committee.

6.3 Northern Beaches Hospital and Warringah Aquatic Centre Update

Proceedings in Brief:

Mr Mark Ferguson (Chief Executive Officer) addressed the meeting on this item.

Note:

The update on the Northern Beaches Hospital Structure Plan was noted by the Audit, Risk and Improvement Committee.

7.0 Governance and Risk Management

7.1 Risk Management Report

Proceedings in Brief:

Ms Marnie van Dyk (Manager, Enterprise Risk) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the report and endorsed the work undertaken to date.

7.2 Report on GIPA, PID, ICAC and Code of Conduct Matters

Proceedings in Brief:

Mr Mark Ferguson (Chief Executive Officer) Ms Helen Lever (General Manager, Customer and Corporate) and Ms Sonya Gallery (Executive Manager, Governance and Risk) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the report and endorsed the work undertaken to date.

8.0 Internal Audit

8.1 Recruitment of Head of Internal Audit Update

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.

8.2 Draft Internal Audit Annual Plan (IAAP) 2017

Proceedings in Brief:

Ms Marnie van Dyk (Manager, Enterprise Risk) addressed the meeting on this item.

ACTION ITEMS:

- *That a gap analysis be performed across Northern Beaches Council with regard to the recommendations of the Independent Commission Against Corruption's 26 July 2017 report into the former Botany Council.*
- *That a review of controls on bank account protocols be conducted as soon as practicable.*

Note:

The Audit, Risk and Improvement Committee noted the report.

8.3 Implementation of Audit Recommendations

Proceedings in Brief:

Ms Marnie van Dyk (Manager, Enterprise Risk) addressed the meeting on this item.

Note:

The Audit, Risk and Improvement Committee noted the report.

9.0 General Business

9.1 Verbal Update by the Chief Executive Officer

The Chief Executive Officer provided an update on matters of interest to the Audit, Risk and Improvement Committee relating to both operational and transition matters for the Northern Beaches Council.

A copy of the Administrator's Report to the Community was tabled at the meeting.

ACTION ITEM:

- *Consideration of the framework for committees of Council and appointment of new Councillors to committees is scheduled for 23 October 2017. An 'in camera' meeting of the Audit, Risk and Improvement Committee with any newly appointed Councillors to be scheduled 30 minutes prior to the next meeting of the Committee.*

10.0 Next Meeting

The next meeting of the Audit, Risk and Improvement Committee will be determined in conjunction with the Audit, Risk and Improvement Committee Chair and Head of Internal Audit, giving consideration to the progress of the appointments of Councillors to the Committee. The next meeting will be preceded by an 'in camera' session with Committee members including the newly appointed Councillors.

**There being no further business
the meeting of the Audit, Risk and Improvement Committee
was concluded at 5.40pm on Tuesday 5 September 2017**