

AUDIT, RISK &  
IMPROVEMENT COMMITTEE  
MEETING

MINUTES

16 May 2017

Commenced at 3.03pm  
3<sup>rd</sup> Floor Conference Room  
Northern Beaches Council  
5 Vuko Place, Warriewood

**Attendance:****Members of the Committee:**

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

**Council Officers (non-voting):**

Mr Mark Ferguson, Chief Executive Officer, Northern Beaches Council  
Ms Helen Lever, General Manager, Customer and Corporate  
Ms Melinda Aitkenhead, Acting Executive Manager, Governance and Enterprise Risk  
Mr David Walsh, Chief Financial Officer  
Ms Sonya Gallery, Executive Officer  
Mr Mark Jones, Program Director, Transformation  
Mr Richard McManus, Chief Information Officer (Operations)  
Ms Marnie van Dyk, Acting Risk Co-ordinator  
Ms Pamela Tasker, Secretariat

**Council Auditors (non-voting):**

Mr Michael Quirk, Head of Internal Audit, North Shore Councils  
Mr Louis Wellard, Senior Manager, Ernst & Young  
Ms Melissa Broadhead, Partner, Ernst & Young  
Ms Weini Liao, Director of Financial Audit Services, Audit Office of NSW  
Mr Brett Hanger, Hill Rogers

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| <b>Audit, Risk and Improvement Committee (ARIC)</b> |
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## 1.0 Apologies

### **Notes:**

1. All voting members of the ARIC were in attendance.
2. An apology was received from the General Manager – Planning, Place and Community.

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## 2.0 Declarations of Conflict / Pecuniary Interest

### **Note:**

Mr John Gordon (Chair) made a precautionary disclosure that he has been appointed to the Audit and Risk Committees of Central Coast Council and Sutherland Shire Council.

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## 3.0 Confirmation of Minutes

### **COMMITTEE RECOMMENDATION**

That the Minutes of the ARIC Meeting held on 21 February 2017, copies of which were circulated to all members, be accepted as a true and accurate record of that meeting.

(Mr Robert Dobbie / Mr Brian Hrnjak)

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## 4.0 Action Items from Minutes

### **Proceedings in Brief:**

The Acting Risk Management Coordinator addressed the meeting on this item.

### **Notes:**

1. The ARIC noted the various Action Items arising from previous meetings including those items which had been deferred pending appointment of the Head of Internal Audit.
2. Mr Jones joined the meeting at 3.10pm.
3. Mr Ferguson joined the meeting at 3.15pm.

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## 5.0 NSW Audit Office – Client Service Plan

### **Proceedings in Brief:**

Ms Weini Liao, Director of Financial Audit Services, Audit Office of New South Wales, and Mr Brett Hanger, Hill Rogers, addressed the meeting on the Client Service Plan for the audit of the Northern Beaches Council financial statements for the period ending 30 June 2017.

### **ACTION ITEM:**

- ***Internal Audit to determine if and when Section 94 Development Contributions were audited in the former Councils***

### **Notes:**

1. The presentation of the Client Service Plan was noted by the ARIC.
2. The Chair advised that he has examples of a comprehensive issues paper prepared by management for an Audit and Risk Committee on significant judgements and assumptions used in preparing the financial statements and related disclosures if required.
3. Ms Liao and Mr Hanger left the meeting at 3.27pm.

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## 6.0 Transformation

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### 6.1 Northern Beaches Council Integration Update

### **Proceedings in Brief:**

The Program Director - Transformation addressed the meeting on this item.

### **ACTION ITEMS:**

- ***That the Program Management Office internal audit by Ernst & Young be integrated into the IAAP timeline as soon as practicable***
- ***That the Steering Committee update the ARIC on transition issues as appropriate***

### **Note:**

The report on work undertaken to date was noted by the ARIC.

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## 6.2 IT Transition Projects and Risks Update

### **Proceedings in Brief:**

The Chief Information Officer addressed the meeting on this item.

### **Notes:**

1. The report on work undertaken to date was noted by the ARIC.
2. Mr Jones and Mr McManus left the meeting 4.03pm.

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## 6.3 Northern Beaches Hospital and Warringah Aquatic Centre Valuation Update

### **Proceedings in Brief:**

The General Manager – Customer and Corporate addressed the meeting on this item.

### **Note:**

The update on the Northern Beaches Hospital Structure Plan was noted by the ARIC.

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## 7.0 Governance and Risk Management

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### 7.1 Governance and Risk Management Report

#### **Proceedings in Brief:**

The Acting Executive Manager, Governance and Enterprise Risk, and the Acting Risk Coordinator addressed the meeting on this item.

#### **ACTION ITEMS:**

##### **Governance:**

- ***Internal Audit input to be considered in development of the Policy Framework***

##### **ERM Policy Review:**

- ***That the definitions of 'risk' on the draft policy be expanded as appropriate***
- ***That the 11 key principles cited on dot point 4 – Risk Management Principles – be delineated***
- ***That input into the ERM Policy be obtained from Internal Audit***
- ***That consideration be given to including examples of quantification when clarifying Risk Appetite, Risk Tolerance, etc.***
- ***Dot point 6 – Roles and Responsibilities – Council – remove the word 'fully'***
- ***That consideration be given to the development of a high level policy statement together with the framework***

**Notes:**

1. The ARIC noted the report and endorsed the work undertaken to date.
2. The Enterprise Risk Management (ERM) Policy was endorsed for submission to Council on 30 May 2017 subject to those amendments recommended by the ARIC.

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## **8.0 Internal Audit Matters**

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### **8.1 Recruitment of Head of Internal Audit Update**

**Proceedings in Brief:**

The Acting Executive Manager, Governance and Enterprise Risk, addressed the meeting on this item.

**Note:**

1. The update was noted by the ARIC.
2. Mr Gordon and Mr Dobbie advised that they were available to sit on the recruitment panel if required.

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### **8.2 Internal Audit Annual Plan (IAAP) 2017**

**Proceedings in Brief:**

The Acting Risk Coordinator addressed the meeting on this item.

**ACTION ITEMS:**

- ***That the Program Management Office internal audit by Ernst & Young be integrated into the IAAP timeline as soon as practicable***

**Notes:**

1. The ARIC noted the letter sent on 11 April 2017 by the Acting Deputy General Manager - Corporate.
2. The ARIC noted the amended Internal Audit Annual Plan 2017 subject to escalation of the Program Management Office internal audit.
3. The ARIC endorsed Council obtaining quotes on the following projects with a view to potentially progressing the consultation engagements based on the quotations received:
  - Review of the Signage Fabrication Project Business Case
  - Review of the Mechanics Workshop Project Business Case
  - Review of the Business Case on the Integration of Stores project

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### 8.3 Implementation of Audit Recommendations

#### **Proceedings in Brief:**

The Acting Risk Coordinator addressed the meeting on this item.

#### **Note:**

The ARIC noted the implementation of Audit Recommendations across the former three Councils.

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### 8.4 Completed Audit of Manual Journal Transactions

#### **Proceedings in Brief:**

The Head of Internal Audit, North Shore Councils, addressed the meeting on this item.

#### **ACTION ITEMS:**

- ***That the Audit of Manual Journal Transactions be circulated by Northern Beaches Council to ARIC members when finalised***

#### **Notes:**

1. The ARIC noted the report.
  2. Mr John Gordon and Mr David Walsh left the meeting at 5.12pm.
  3. Mr Brian Hrnjak assumed the Chair for the remainder of the meeting.
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### 8.5 Completed Grants Audit

#### **Proceedings in Brief:**

Mr Louis Wellard, Senior Manager, Ernst & Young, addressed the meeting on this item.

#### **ACTION ITEMS:**

- ***That the Grants Audit be circulated by Northern Beaches Council to ARIC members when finalised***

#### **Notes:**

The presentation on the completed Grants Audit by Ernst & Young was noted by the ARIC.



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## **9.0 General Business**

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### **9.1 Verbal Update by the Chief Executive Officer**

The Chief Executive Officer provided an update on matters of interest to ARIC relating to both operational and transition matters for the Northern Beaches Council.

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### **9.2 Audit, Risk and Improvement Committee Membership**

#### **Proceedings in Brief:**

The General Manager – Customer and Corporate addressed the meeting concerning the composition of the ARIC going into caretaker mode and following election of the new Council in September 2017.

#### **ACTION ITEMS:**

- ***That this matter be further discussed at the ARIC meeting on 15 August 2017***
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## **10.0 Next Meeting**

The next meeting of the Audit, Risk and Improvement Committee to consider the Financial Statements is scheduled to be held on Tuesday 15 August 2017 in the Councillors Meeting Room, Manly Town Hall, commencing at 3.00pm.

**There being no further business  
the meeting of the Audit, Risk and Improvement Committee  
was concluded at 5.36pm on Tuesday 16 May 2017**