

AUDIT, RISK &  
IMPROVEMENT COMMITTEE  
MEETING

MINUTES

15 November 2016

Commenced at 3.05pm  
in the Councillors Room  
Manly Town Hall

M J Ferguson  
General Manager

## **Attendance**

Mr John Gordon Independent (Chairperson)  
Mr Robert Dobbie Independent  
Mr Brian Hrnjak Independent  
Ms Liezel Preller Independent (via conference call)  
Mr Mark Ferguson, General Manager  
Ms Helen Lever, Acting Deputy General Manager Corporate Services  
Mr David Walsh, Chief Financial Officer  
Ms Sonya Gallery, Manager Governance, Policy & Risk  
Ms Pamela Tasker, Administration Officer  
Mr Gary Mottau, Partner, Hill Rogers (External Auditors)

---

<b>Audit, Risk &amp; Improvement Committee</b>
--

## **TABLE OF CONTENTS**

<b>Item No.</b>	<b>Item</b>	<b>Page No</b>
<b>1.0</b>	<b>Apologies</b>	<b>4</b>
<b>2.0</b>	<b>Declarations of Conflict / Pecuniary Interest</b>	<b>4</b>
<b>3.0</b>	<b>Confirmation of Minutes</b>	<b>4</b>
<b>4.0</b>	<b>Special Agenda Items</b>	<b>5</b>
4.1	Financial Statements for the Period Ended 12 May 2016 for the former Manly, Pittwater and Warringah Councils	5
<b>5.0</b>	<b>General Business</b>	<b>6</b>
5.1	ARIC – Proposed Meeting Schedule 2017	6
5.2	Internal Audit Position	7
5.3	Draft Internal Audit Action Plan	7
5.4	NBC Transition Update	8
<b>6.0</b>	<b>Next Meeting</b>	<b>8</b>

---

## **1.0 Apologies**

### **Notes:**

1. The General Manager advised he would be late to the meeting.
2. Ms Liezel Preller attended the meeting via conference call.
3. Ms Yan Yang of Hill Rogers was an apology for the meeting.

---

## **2.0 Declarations of Conflict / Pecuniary Interest**

Nil.

---

## **3.0 Confirmation of Minutes**

### **COMMITTEE RECOMMENDATION**

That the Minutes of the Audit, Risk & Improvement Committee (ARIC) Meeting held on 5 October 2016, copies of which were circulated to all Committee members, be and are hereby confirmed as a true and accurate record of that meeting subject to the following amendments:

1. That the location of the meeting be amended to read: Level 3 Conference Room, 5 Vuko Place, Warriewood.
2. That the note under Item 4.0, Audit, Risk & Improvement Committee Charter, be amended as follows:
  1. Hill Rogers appointed as auditors for Northern Beaches Council as agents of the NSW Auditor General.

(Mr Robert Dobbie / Mr Brian Hrnjak)

### **Notes:**

Amendments to be incorporated into the Draft ARIC Charter:

1. Mr Dobbie advised that he had sought clarification on a number of issues at the recent Institute of Internal Auditors Conference. There is no requirement that the appointment of external members to ARIC be subject to review by the Institute of Internal Auditors, however guidelines on behaviours should be referenced in the Charter.
2. Mr Gordon reiterated that ARIC reporting protocols needed to be clarified in the Charter.

---

## 4.0 Special Agenda Items

---

### 4.1 Financial Statements for the Period Ended 12 May 2016 for the Former Manly, Pittwater and Warringah Councils

#### Proceedings in Brief:

Mr David Walsh, Chief Financial Officer and Mr Gary Mottau, Partner - Hill Rogers addressed the meeting on this item.

#### **ACTION ITEMS:**

##### **General Purpose and Special Purpose Financial Reports**

##### **Former Manly Council:**

- **Manly Oval and Whistler Street Carparks:** Disclosure of potential impact of contract terminations is to be considered. An email is to be circulated to ARIC members seeking suggestions on wording regarding any potential litigation to be incorporated into Note 23, page 70.
- **Kimbriki:** Note 25, page 71 to include a disclosure concerning the amortised balance for the intangible asset of “rights of access”; at Proclamation the asset ceased to have value and was written off.
- Total comprehensive income referred to on page 5 (Statement of Comprehensive Income) for the period should be 19d not 19b.
- Page 28 – Actual rates should be for the reporting period, ie: 1/7/15 to 12/5/16.

##### **Former Pittwater Council:**

- **Kimbriki:** Note 25, page 67 to include a disclosure concerning the amortised balance for the intangible asset of “rights of access”; at Proclamation the asset ceased to have value and was written off.
- Page 3 – NBC resolution dated 8 November 2016 to be amended to 22 November 2016.
- Page 28 – Actual rates should be for the period, ie: 1/7/15 to 12/5/16.
- Page 51 – typographical error in discrepancy between fair value amounts (Cash and cash equivalents) to be amended.

##### **Former Warringah Council:**

- Page 2 – Income from Continuing Operations graph adds to 102%.

##### **Across all Financial Statements:**

- Incorporation of Gain on Local Government Amalgamation to be reported post 13 May 2016 as follows:
  - Unexpended rates revenue
  - Balance of other assets and liabilities
- References to ‘Council’ / ‘Councillor’ to be amended to read ‘Administrator’ where appropriate.
- References to ‘Year Ended’ to be amended to read ‘Period Ended’ where appropriate.
- Newsletter to community will present an opportunity to provide a high level summary of the financial statements across the three former councils.
- Mr Gordon provided marked up copies of each of the former Council’s financial statements to the Chief Financial Officer noting minor amendments to be incorporated in the financial statements to be presented to Council.

**Notes:**

1. The General Manager joined the meeting at 4.11pm.
2. The following documents were tabled at the meeting:
  - A letter from the Office of Local Government regarding proposed amendment to the Local Government (Council Amalgamations) Proclamation 2016 to address the accounting treatment of revenue.
  - The report to Northern Beaches Council on 23 August 2016 on the Outcomes of the Manly Oval and Whistler Street Carparks Review together with the subsequent Administrator's Minute Item.
  - Confidential report by Hill Rogers to the Audit, Risk & Improvement Committee concerning the audit of the three former councils for the period ended 12 May 2016. Please note that this report is provided solely for the benefit of Council and is not to be copied, quoted or referred to in whole or in part without the prior consent of Hill Rogers Assurance Partners.
3. The Chief Financial Officer expressed his appreciation to Mr Justin Hurst and the Finance team at the former Pittwater Council for having completed the financial statements following the resignation of the Financial Accountant and transfer of the former Pittwater Council Chief Financial Officer.
4. The General Manager acknowledged the extraordinary efforts of all finance staff across the Northern Beaches Council for the timely finalisation of the financial statements during the busy amalgamation period.

---

**COMMITTEE RECOMMENDATION**

That financial statements for the period ended 12 May 2016 for the former Manly, Pittwater and Warringah Councils be endorsed by the Audit, Risk & Improvement Committee for the presentation to Council at its meeting on 22 November 2016.

(Mr John Gordon / Mr Brian Hrnjak)

---

## **5.0 General Business**

---

### **5.1 ARIC – Proposed Meeting Schedule 2017**

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

Ms Helen Lever, Acting Deputy General Manager Corporate Services, addressed the meeting on this item.

#### **ACTION ITEM:**

- That the meeting venues be rotated as follows:
  - 21 February 2017 – Dee Why
  - 16 May 2017 – Warriewood
  - 15 August 2017 – Manly
  - 14 November 2017 – Dee Why.

---

#### **COMMITTEE RECOMMENDATION**

That the 2017 ARIC meetings schedule be adopted as follows:

- 21 February 2017 – Dee Why
- 16 May 2017 – Warriewood
- 15 August 2017 – Manly
- 14 November 2017 – Dee Why.

(Mr John Gordon / Mr Robert Dobbie)

---

## **5.2 Internal Audit Position**

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

Ms Helen Lever, Acting Deputy General Manager Corporate Services, addressed the meeting on this item.

#### **ACTION ITEMS:**

- Consider internal audit qualifications as a requirement of the position.
- ARIC members are available to participate on the interview panel as required.

---

## **5.3 Draft Internal Audit Action Plan**

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

Ms Helen Lever, Acting Deputy General Manager Corporate Services, addressed the meeting on this item.

**ACTION ITEM:**

- Prioritise A2017.4 – Project Management Office (PMO) to commence in Nov/Dec 2016

---

**COMMITTEE RECOMMENDATION**

That the amended Internal Audit Action Plan be adopted subject to the following amendment:

- Prioritisation of A2017.4 – Project Management Office (PMO) to commence in Nov/Dec 2016

(Mr John Gordon / Mr Robert Dobbie)

**Note:**

The following document was tabled at the meeting:

- Amended Draft Internal Audit Action Plan – changes shown in red.

---

**5.4 NBC Transition Update****Proceedings in Brief:**

Mr Mark Ferguson, General Manager addressed the meeting on this item.

**ACTION ITEMS:**

- Mr Mark Jones, Executive Manager Transformation, to provide a report to the next ARIC meeting updating members on transformation progress and projected timelines.

---

**6.0 Next Meeting**

The next Audit, Risk & Improvement Committee Meeting is scheduled to be held at 3.00pm on 21 February 2017 at Dee Why Council Chambers.

**Note:**

There being no further business the meeting closed at 5.33pm.