



# GEORGES RIVER COUNCIL

## AUDIT, RISK AND IMPROVEMENT COMMITTEE

### MINUTES OF MEETING

Monday, 06 August 2018

#### Present

#### Committee Members

Independents: Chairperson-Mr John Gordon, Ms Elizabeth Gavey, Mr Stephen Horne  
Councillors: Christina Wu and Warren Tegg (AUD029-18 to AUD032-18)

#### Other Externals in Attendance

Hill Rogers (External Auditors)-Mr Gary Mottau  
Technology Risk (TechOne Implementation Report – AUD30-18)-Mr Mark Sercombe

#### Council Staff in Attendance

General Manager - Ms Gail Connolly (AUD024-18 to AUD027-18), Acting Chief Operating Officer – Mr David Tuxford, Internal Auditor – Ms Juliette Hall, Acting Chief Financial Officer – Ms Danielle Parker (AUD030-18 to AUD35-18), Director Transformation and Change-Ms Marissa Racomelara (AUD030-18 to AUD31-18), Acting Executive Manager Office of the General Manager – Ms Samantha Charlton (AUD024-18 to AUD029-18), Coordinator Systems, Revenue and Analysis-Mr Scott Henwood (AUD034-18), Coordinator Financial Management-Mr Francis Mangru (AUD035-18) and Personal Assistant to Executive Manager of the Office of the General Manager-MS Marina Cavar.

#### Opening

The Chairperson, Mr Gordon opened the meeting at 4.04 pm.

#### Apologies

NSW Audit Office-Karen Taylor  
Manager Governance and Risk Management- Popy Mourgelas

#### Disclosure of Interest

Independent Committee member, Mr Stephen Horne, disclosed a conflict of interest relating to Agenda Item AUD026-18. The Chair advised that Mr Horne abstain from discussion and the Committee decision on this item.

## **Committee Reports**

### **AUD024-18 Annual Declaration of Interest-Audit, Risk and Improvement Committee Members** (Report by Internal Auditor)

#### **Discussion:**

Independent members were requested to declare and submit their written annual declarations of interest at the meeting or subsequent to the meeting.

#### **Recommendation:**

That the independent members of the Committee make their written annual declaration of interest in relation to their position on the Georges River Council Audit, Risk and Improvement Committee.

#### **Decision:**

The independent member's written annual declarations of interest in relation to their position on the Georges River Audit, Risk and Improvement Committee for Mr John Gordon and Mr Stephen Horne were received and noted.

#### **Action:**

Elizabeth Gavey to submit annual declaration after the meeting.

### **AUD025-18 Confirmation of the Minutes of the previous meeting held on 04 June 2018** (Report by Internal Auditor)

#### **Discussion:**

The Minutes were discussed.

The Chair requested that a record of the Committee Decision be included in future Minutes.

#### **Recommendation:**

That the Minutes of the Audit, Risk and Improvement Committee meeting held on 04 June 2018 be adopted.

#### **Decision:**

The Minutes of the Audit, Risk and Improvement Committee meeting held on 04 June 2018 were adopted.

#### **Action:**

Amend Minute format to include Committee Decision.

### **AUD026-18 Nomination for re-election of Audit, Risk and Improvement Committee**

## **Independent Member**

(Report by Internal Auditor)

### **Discussion:**

Mr Horne indicated his availability to renominate and extend his tenure on the Committee. The Committee discussed whether the position of Chair should be rotated.

### **Recommendation:**

That the nomination for reappointment of existing independent Audit, Risk & Improvement Committee member, Mr Stephen Horne, be considered by Council for an additional period of extension as per the Audit, Risk and Improvement Committee Charter.

### **Decision:**

The Committee endorsed the nomination for reappointment of existing independent Audit, Risk and Improvement Committee member, Stephen Horne, for consideration by Council.

### **Action:**

- a) Internal Auditor to prepare report for Council to determine the reappointment of Mr Stephen Horne to Georges River Council Audit, Risk and Improvement Committee.
- b) Review current ARIC Charter to confirm terms of appointment of the Chair.

## **General Manager Update**

(Verbal update by General Manager)

### **Discussion:**

The General Manager, Ms Gail Connolly, provided an update to the Committee on current items of interest.

### **Action:**

Executive Manager of the Officer of the General Manager, Ms Samantha Charlton, to provide the committee members with an Organisational Chart containing photos when senior positions have been permanently filled.

**Discussion:**

The Internal Auditor, Ms Juliette Hall, provided an update of the status on actions requested/raised by the Committee at the previous meeting held on 4 June 2018.

**Recommendation:**

That the report on the status of actions of the Audit, Risk and Improvement Committee be received and noted.

**Decision:**

Following review and discussion, the report on the status of actions of the Audit, Risk and Improvement Committee was received and noted.

**Action:**

Internal Auditor to update the Audit, Risk and Improvement Committee meeting actions and report on the status of these at each meeting.

**AUD028-18 Governance / Compliance Reporting and Risk Management Update  
(Report by Manager Governance and Risk)****Discussion:**

The Acting Chief Operating Officer, Mr David Tuxford, provided a brief update on the review of Council's Enterprise Risk Management Framework.

The Committee discussed that the reporting of compliance breaches should include the underlying issues if such breaches do occur.

**Recommendation:**

That the Governance/Compliance Reporting and Risk Management updates outlined in the report, be received and noted.

**Decision:**

Following review and discussion, the Governance/Compliance Reporting and Risk Management updates outlined in the report, were received and noted.

**Action:**

Future reports on compliance breaches to contain underlying issues if such breaches do occur.

**AUD029-18 Quarterly Report - Claims Pursuant to the Mayor and Councillors' Expenses and Facilities Policy**

(Report by Acting Executive Manager, Office of the General Manager)

**Discussion:**

The Acting Executive Manager-Office of the General Manager, Ms Samantha Charlton, provided a brief overview of requests for reimbursements received during the quarter 1 April to 30 June 2018.

**Recommendation:**

- (a) That the record of claims made pursuant to the *Mayor and Councillors' Expenses and Facilities Policy* for the period of 1 April to 30 June 2018, be noted.
- (b) That following consideration of this report by the Audit Risk and Improvement Committee, details of reimbursements for the quarter to be made available on Council's website.

**Decision:**

Following review and discussion:

- (a) The record of claims made pursuant to the *Mayor and Councillors' Expenses and Facilities Policy* for the period of 1 April to 30 June 2018, was noted.
- (b) The details of reimbursements for the quarter to be made available on Council's website.

**Action:**

The Acting Executive Manager-Office of the General Manager, Ms Samantha Charlton, to update the Register with this quarters claims for upload to Council's website.

**AUD030-18 TechOne Implementation Audit - Presentation of Final Report**  
(Report by Internal Auditor)

**Discussion:**

The Technology Risk internal audit consultant, Mr Mark Sercombe, provided a brief overview of the final TechOne Implementation audit report to the Committee.

The Acting CFO, Ms Danielle Parker, and Director Transformation and Change, Ms Marissa Racemelara, advised the Committee that this project is effectively completed with most of the recommendations implemented.

**Recommendation:**

That the Committee receive and note the TechOne Implementation internal audit report.

**Decision:**

Following review and discussion, the Committee received and noted the TechOne Implementation report.

**Action:**

The outstanding audit recommendations in the TechOne Implementation audit report to be included on the Audit Recommendations Status report for follow up.

**AUD031-18 Service Delivery Review Program**  
(Report by Director Transformation and Change)

**Discussion:**

The Director Transformation and Change, Ms Marissa Racomelara, presented the Service Delivery Reviews undertaken by Council since 2016.

The Committee discussed the Service Delivery Reviews in relation to their role in reviewing improvements within the Council.

**Recommendation:**

That the Committee receive and note the report and verbal update on Service Delivery Reviews undertaken to date.

**Decision:**

Following review and discussion, the Committee received and noted the report and verbal update on Service Delivery Reviews undertaken to date.

**AUD032-18 Draft Financial Statements 2017/18**  
(Report by Internal Auditor)

**Discussion:**

The Acting CFO, Ms Danielle Parker, presented the Draft Financial Statements 2017/18 to the Committee to review and discuss. It was noted that these did not portray a complete finalised view but enabled the Committee to undertake a preliminary review of Council's financial situation for 2017/18 prior to the special scheduled meeting of the Committee on the 24 October 2018.

**Recommendation:**

That the Draft Financial Statements for 2017/18 be discussed, received and noted.

**Decision:**

Following review and discussion, the Draft Financial Statements for 2017/18 were received and noted.

**Action:**

The Acting CFO, Ms Danielle Parker, to:

- a) Present the Final Audited Financial Statements 2017/18 to the Committee at a special meeting scheduled for 24 October 2018.
- b) Provide the Committee with the intended treatment of leases by council in accordance with the new Leases Accounting Standard at the special meeting scheduled for 24 October 2018.

**AUD033-18 Audit Activity Update - Status of Internal and External Audit**

## **Recommendations**

(Report by Internal Auditor)

### **Discussion:**

The Internal Auditor, Ms Juliette Hall, provided an update on the status of audit recommendations.

The Acting CFO, Ms Danielle Parker, provided council's response to the NSW Audit Office Management Letter on the Interim Phase of the Audit for the year ending 30 June 2018.

The external audit representative, Mr Gary Mottau (Hill Rogers) provided some additional commentary around the recommendations in the Management Letter for the Committee's information.

### **Recommendation:**

- a) That the report on the status of internal and external audit recommendations be received and noted.
- b) That Council's response to the NSW Audit Office Management Letter on the Interim Phase of the Audit for the year ending 30 June 2018 be received and noted.

### **Decision:**

Following review and discussion, the Committee received and noted:

- a) The report on the status of internal and external audit recommendations.
- b) Council's response to the NSW Audit Office Management Letter on the Interim Phase of the Audit for the year ending 30 June 2018.

### **Action:**

Internal Auditor to update the Status of Audit Recommendations with the recommendations made in the NSW Audit Office Management Letter on the Interim Phase of the Audit for the year ending 30 June 2018 for follow up.

## **AUD034-18 EFT Sure Progress Update**

(Report by Coordinator Systems, Revenue and Analysis)

### **Discussion:**

The Coordinator Systems, Revenue and Analysis, Mr Scott Henwood, provided an update on the EFTsure system that Council uses as a health check on Council's Vendor Masterfile and provided a Vendor Master File Comprehensive Audit Report to the Committee for review.

### **Recommendation:**

That the Committee review the Georges River Council Vendor Master File Comprehensive Audit Report, in conjunction with the EFT Sure Progress Update Report, and provide feedback to the Acting Chief Financial Officer by 13 August 2018.

### **Decision:**

The Committee reviewed the Georges River Council Vendor Master File Comprehensive Audit Report in conjunction with the EFT Sure Progress Update Report and provided immediate feedback in terms of supporting ongoing action for items appearing on the report and future updates to the Committee.

### **Action:**

The CFO to provide a progress report and update on EFTsure items to the Committee at their scheduled meeting of 18 February 2019.

## **AUD035-18 Draft Asset Accounting Policy**

(Report by Coordinator Financial Management)

**Discussion:**

The Coordinator Financial Management, Mr Francis Mangru, provided the Committee with the Draft Asset Accounting Policy for review and discussion.

**Recommendation:**

That the Committee review the Georges River Council Draft Asset Accounting Policy and provide feedback to the Acting Chief Financial Officer by 13 August 2018.

**Decision:**

The Committee reviewed the Georges River Council Draft Asset Accounting Policy providing immediate feedback and a commitment to provide additional feedback to the Acting CFO by 13 August 2018.

**Action:**

The Committee members to provide feedback to the Acting CFO, Ms Danielle Parker, by 13 August 2018 for consideration for inclusion in the Policy.

**AUD036-18 Internal Audit Plan 2018-2021**  
(Report by Internal Auditor)**Discussion:**

The Internal Auditor, Ms Juliette Hall, presented the Committee with the Internal Audit Plan 2018-2021 for review and discussion.

**Recommendations:**

- (a) That the Internal Audit Plan for 2018-2021 be received and noted.
- (b) That the Internal Audit Plan for 2018-2021 be endorsed.

**Decision:**

The Committee:

- a) Received, reviewed, discussed and noted the Internal Audit Plan 2018-2021.
- b) Endorsed the Internal Audit Plan 2018-2021.
- c) Requested an update on the Internal Audit budget 2018/19 to be submitted to the next Committee meeting.

**Action:**

The Internal Auditor to provide the Committee with the Internal Audit budget 2018/19 at the next Committee meeting scheduled for 29 October 2018.

**AUD037-18 Internal Audit Update on Industry Information, Trends and Events**  
(Report by Internal Auditor)



**Discussion:**

The Internal Auditor, Ms Juliette Hall, submitted an update on industry information, trends and events for review and information.

**Recommendation:**

That the report on internal audit industry information, trends and events be received and noted.

**Decision:**

The report on internal audit industry information, trends and events was received and noted.

**AUD038-18 NSW Audit Office - Performance Audit Reports**  
(Report by Internal Auditor)**Discussion:**

The Internal Auditor, Ms Juliette Hall, submitted an update on the NSW Audit Office Performance Audit reports for review and information.

**Recommendation:**

That the Committee receive and note the NSW Audit Office Performance Audits reports on:

- Fraud Controls in Local Councils
- Shared Services in Local Government

**Decision:**

Following review and discussion, the Committee received and noted the NSW Audit Office Performance Audits reports on:

- Fraud Controls in Local Councils
- Shared Services in Local Government

**AUD039-18 General Business Item - ARIC Performance Survey**  
(Report by Internal Auditor)**Discussion:**

The Internal Auditor, Ms Juliette Hall, presented actions taken to address the Committee member's responses and suggestions regarding the Audit, Risk and Improvement Committee performance survey conducted in 2017.

Actions and clarifications on future Committee requirements were discussed.

**Recommendation:**

- a) That the actions taken to address the Committee member suggestions for the survey on ARIC performance be received and noted.
- b) That outstanding actions be discussed by the Committee in terms of clarification and future Committee requirements.

**Decision:**

Following review and discussion:

- a) The actions taken to address the Committee member suggestions for the survey on ARIC performance were received and noted.
- b) The Forward Responsibility Calendar addresses most of the issues and suggestions made in the ARIC performance survey.
- c) The two councillors on the Committee advise the Chair if there are any areas that can be improved to ensure better engagement by them during the Committee meetings.

**AUD040-18    Audit, Risk and Improvement Committee Forward Responsibility Calendar**  
(Report by Internal Auditor)

**Discussion:**

The Internal Auditor, Ms Juliette Hall, presented the Committee with a Forward Responsibility Calendar covering the spread of Committee responsibilities across 2018 and 2019 meetings.

The Committee discussed the ability to acquit their responsibilities over the number of responsibilities now required under the legislation and what timeframe these need to be covered by.

**Recommendation:**

That the Audit, Risk and Improvement Committee (ARIC) adopt the Audit, Risk and Improvement Committee Responsibility Calendar 2018-19 and attend meetings on the forward dates included in the calendar.

**Decision:**

Following review and discussion, the Committee made some minor amendments to the timing of some responsibilities and committed to review Forward Responsibility Calendar 2018-19, including meeting dates, and provide feedback to the Internal Auditor by 13 August 2018.

**Action:**

- a) The Committee is to provide feedback on the Forward Responsibility Calendar 2018-19 to the Internal Auditor by 13 August 2018.
- b) Internal Auditor to send out forward calendar meeting date invitation to the Committee and other participants after feedback is received by 13 August 2018.

**General Business / Business Without Notice**

Nil

**Next Meetings**

Wednesday 24 October 2018 – Special Meeting on Audited Financial Statements

Monday 29 October 2018 – Audit, Risk and Improvement Committee Meeting

**Conclusion**

The Meeting was closed at 6.45pm

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Chairperson

John Gordon