



# GEORGES RIVER COUNCIL

## AUDIT, RISK AND IMPROVEMENT COMMITTEE

### MINUTES OF MEETING Monday, 29 October 2018

#### **Present**

#### **Committee Members**

Independents: Chairperson-Mr. John Gordon, Ms. Elizabeth Gavey, Mr. Stephen Horne  
Councillor: Christina Wu

#### **Other Externals in Attendance**

Hill Rogers (External Auditors)-Mr Gary Mottau

#### **Council Staff in Attendance**

Acting Chief Operating Officer – Mr David Tuxford, Internal Auditor – Ms Juliette Hall, Acting Chief Information Officer – Fresia Segovia, Chief Financial Officer – Ms Danielle Parker, Financial Consultant – Chandralal Colombage, Acting Executive Manager Office of the General Manager – Ms Samantha Charlton, Manager Governance and Risk Management – Popy Mourgelas, Senior Corporate Planner- Jessica Lee, Acting Executive Assistant to the Mayor-Marina Cavar.

#### **Opening**

The Chair, Mr John Gordon, opened the meeting at 4.03pm and advised that the meeting had a quorum.

#### **Apologies**

General Manager – Gail Connolly.

#### **Non Attendees**

Councillor - Warren Tegg

#### **Disclosure of Interest**

There were no disclosures of interest.

#### **Minutes of previous meetings**

**AUD041-18 Confirmation of the Minutes of the previous meeting held on 06 August 2018**

(Report by Internal Auditor)

**Discussion:**

The Committee reviewed the Minutes that had been previously circulated out of session.

**Recommendation:**

That the Minutes of the Audit, Risk and Improvement Committee (ARIC) held on 6 August 2018, as previously made available to each ARIC Member, be adopted.

**Decision:**

After review and discussion, the Minutes of the ARIC held on 6 August 2018 be adopted.

**AUDIT, RISK AND IMPROVEMENT COMMITTEE - 24 OCTOBER 2018****Discussion:**

The Committee reviewed and discussed the Minutes and made some minor changes that were amended at the meeting.

**Recommendation:**

That the Minutes of the ARIC held on 24 October 2018 be adopted.

**Decision:**

After review and discussion, the Minutes of the ARIC held on 24 October 2018 be adopted.

**AUD042-18 Status of Actions of the Audit, Risk and Improvement Committee**  
(Report by Internal Auditor)**Discussion:**

Internal Auditor, Juliette Hall, presented the list of action items for ARIC. The Committee reviewed these and noted that most of the items had been addressed and actioned satisfactorily. The two outstanding items were scheduled to be finalised for the next ARIC meeting.

**Recommendation:**

That the report on the Status of Actions for the ARIC be received and noted.

**Decision:**

After review and discussion, the report on the Status of Actions for the ARIC be received and noted.

**Action:**

Internal Auditor to update the list for actions arising out of this meeting.

**AUD043-18 Data Breach Response Framework Policy**  
(Report by Chief Information Officer)

**Discussion:**

Chief Information Officer (CIO), Fresia Segovia, presented the Data Breach Response Framework Policy. This was subsequently discussed by the Committee with suggested changes, which are listed in Actions below. Notwithstanding, the Committee noted that the Policy was the most comprehensive they have seen at an ARIC meeting.

**Recommendation:**

That the Data Breach Response Framework Policy be received and noted.

**Decision:**

After review and discussion, the report on the Data Breach Response Framework Policy be received, noted and updated with the suggested changes in Actions and returned to a future meeting for endorsement.

**Actions:**

1. CIO to make following updates to the Policy:
  - add a data custodians ownership list
  - references to Commonwealth vs NSW Legislation
  - remove irrelevant references
  - include councillors in the policy and data breaches that may pertain to them
  - include corporate/business breaches, in addition to residents and ratepayers
2. CIO to resubmit policy to ARIC for review and endorsement at a future meeting.

**AUD044-18 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 of the Office of the General Manager, Samantha Charlton, presented the quarterly Councillors Expense Report. The Committee queried the reasons for non-payment of certain expenses. The response was that these were not claimed within the allotted claimable timeframe as per the Councillor Expense Policy. The Committee was satisfied with the response. The Committee also sought background details for some of the expense categories listed.

**Recommendation:**

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

**Decision:**

After review and discussion, ARIC recommended that:

- (a) the record of claims made pursuant to the *Mayor and Councillors' Expenses and Facilities Policy* for the period of 1 July to 30 September 2018, be noted.
- (b) details of reimbursements contained in Attachment 1 be made available on Council's website.

**AUD045-18 Risk Management Update**

(Report by Manager Governance and Risk)

**Discussion:**

The Manager Governance and Risk Management, Popy Mourgelas, presented a risk management update report. The Committee discussed a number of items relating to the report, including:

- top ten strategic risks, including comparative information collated by insurers and risk organisations and their applicability to Georges River Council
- relationship of the strategic risks to the Community Strategic Plan
- accuracy of the strategic risk ratings, particularly in relation to financial sustainability and human resources
- operational risk assessments

**Recommendation**

That the Risk Management Update report, as endorsed by the Executive Team at its meeting on 16 October 2018, be received and noted.

**Decision:**

After review and discussion, the Risk Management Update report as endorsed by the Executive Team at its meeting on 16 October 2018, was received and noted.

**Actions:**

1. Manager Governance and Risk Management to review JLT/Aon top 10 risks for Local Government and compare the relevance to Georges River Council's strategic risks.
2. The Chair to provide the Internal Auditor and Manager Governance and Risk with a copy of the strategic risks presentation template from another state agency.
3. The Manager Governance and Risk present the risk framework to ARIC every 6 months.
4. The Manager Governance and Risk present the Risk Management Plan and Risk Appetite Statement to ARIC at a future meeting.
5. That the Manager Governance and Risk Management consider conducting a Councillor Workshop on Council's top strategic risks.
6. That the Manager, Governance and Risk coordinate rolling presentations to each ARIC meeting by Managers on their top two operational and/or strategic risks.

**AUD046-18 Fraud Control Update**

(Report by Manager Governance and Risk)

**Discussion:**

The Manager Governance and Risk Management, Popy Mourgelas, presented a Fraud Control update. The Committee discussed the findings in the NSW Audit Office report on Fraud control in Local Councils and whether this had been assessed for Council. The Committee also discussed the top 10 fraud and corruption risks.

**Recommendation:**

That the Fraud Control Update report, as endorsed by the Executive Team at its meeting on 16 October 2018, be received and noted.

**Decision:**

After review and discussion, the Fraud Control Update report as endorsed by the Executive Team at its meeting on 16 October 2018 was received and noted.

**Actions:**

1. Manager Governance and Risk Management to submit the Top 10 fraud and corruption

risks to a future ARIC meeting.

2. Manager Governance and Risk Management to perform a gap analysis between Council and the NSW Audit Office Fraud control in Local Councils report findings and recommendations.
3. Manager Governance and Risk Management to provide ARIC with details of fraud and corruption training statistics on a regular basis.

#### **AUD047-18 Georges River Council Achievements 2017 - 2018 and Reporting Innovation**

(Report by Senior Corporate Planner)

##### **Discussion:**

The Senior Corporate Planner, Jessica Lee, presented a report on Council's key achievements and innovation for 2017/18. The 2017/18 Annual Scorecard was presented as part of this. . The Committee noted that the Community Strategic Plan (CSP) was only recently adopted in 2018 and that KPI's would be reported against this in the future on a six-monthly basis. The Committee identified the CSP reporting as a review of "improvement" as part of the ARIC improvement responsibilities.

The Senior Corporate Planner also notified the Committee of the quarterly reporting regime undertaken at Council aimed at timely tracking progress with KPI's.

##### **Recommendation:**

That the report 'Georges River Council Achievements 2017 – 2018 and Reporting Innovation' be received and noted.

##### **Decision:**

After review and discussion, the report 'Georges River Council Achievements 2017 – 2018 and Reporting Innovation' was received and noted.

##### **Actions:**

1. That the Senior Corporate Planner present KPI's to ARIC on a 6-monthly basis using dashboard reporting and movement indicators (+) or (-).
2. That the Senior Corporate Planner advise ARIC of any major issues identified in the Quarterly Reviews at the meeting following on from these.
3. In reviewing future reporting formats, the Committee referred management to the reports for Sutherland Shire Council and Liverpool Council.

#### **AUD048-18 Long Term Financial Plan & Ratios** (Report by Internal Auditor)

**Discussion:**

Financial Consultant, Chandralal Colombage, presented on the Long Term Financial Plan and financial ratios. The ARIC identified the need for action to be taken to ensure the ongoing financial sustainability of Council beyond 2021 with a risk allocation of “alert but not alarmed” at this stage.

The Committee discussed the need for ongoing Service Reviews to ensure assessment of the efficiency of operations in line with achieving financial sustainability.

**Recommendation**

That the presentation on the Long Term Financial Plan and Financial Ratios be received and noted.

**Decision:**

After review and discussion, the presentation on the Long Term Financial Plan and Financial Ratios was received and noted.

**Action:**

Acting CFO to send ARIC members a copy of the report prepared by Jeff Rorder (now part of Technology One).

**AUD049-18 Internal Audit Program Status 2018**  
(Report by Internal Auditor)**Discussion:**

Internal Auditor, Juliette Hall, presented a report on the status of the 2018/19 Internal Audit Program. The Committee noted that 3 audits had commenced with reports on these to be presented at the next ARIC meeting. The Chair queried the need for specific debt recovery audit and was provided with an explanation as to why this should remain on the Audit Program.

**Recommendation:**

That the status of the Internal Audit Program for 2018/19 was received and noted.

**Decision:**

After review and discussion, the status of the Internal Audit Program for 2018/19 be received and noted.

**AUD050-18 Internal Audit Budget**  
(Report by Internal Auditor)

**Discussion:**

Internal Auditor, Juliette Hall, presented the Internal Audit budget for 2018/19. The ARIC reviewed the budget and found it sufficient for this function at Georges River Council. The ARIC noted that the budget and resources for Internal Audit appeared appropriate for a council of this size and stage of significant change and development.

**Recommendation**

That the Internal Audit budget for 2018/19 be received and noted.

**Decision:**

After review and discussion, the Internal Audit budget for 2018/19 was received and noted.

**AUD051-18 Status of Internal and External Audit Recommendations**  
(Report by Internal Auditor)**Discussion:**

Internal Auditor, Juliette Hall, presented the List of Outstanding Audit Recommendations and advised that recommendations were progressing. Anticipated completion of all current outstanding recommendations is expected by the next ARIC meeting. The Committee was also advised that the initial risk ratings originally attributed to each recommendation no longer represented the true risk rating due to the progress being made and phasing of the implementation.

The Committee reiterated the need to complete audit recommendations on a timely and targeted basis particularly in view of the future work plan for Internal Audit.

**Recommendation:**

That the report on the status of internal and external audit recommendations be received and noted.

**Decision:**

After review and discussion, the report on the status of internal and external audit recommendations was received and noted.

**Action:**

Updated outstanding recommendations list to be presented at next ARIC meeting by Internal Auditor. The Committee requested a summary page listing the recommendations by: review title; date; totals recommendations; high, medium & low ratings; recommendations implemented; recommendations in progress within schedule; recommendations overdue. The Chair offered to provide examples of similar tables if needed.

**AUD052-18 Internal Audit Update on Industry Information, Trends and Events**  
(Report by Internal Auditor)

**Discussion:**

This report was considered by the Committee prior to meeting.

**Recommendation:**

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

**Decision:**

After review, the report on internal audit industry information, trends and events was received and noted.

**General Business – ARIC Annual Report to Council****Discussion:**

The Chair presented the ARIC and Internal Audit Annual Report to Council, previously circulated. The Chair requested any final comments prior to the Council Briefing and Meeting that evening of 29 October 2018. No additional comments were forthcoming.

**Recommendation:**

That the Annual ARIC report to Council be received and noted.

**Decision:**

After review, the Annual ARIC report to Council was received and noted.

That the Annual ARIC report be presented at the Council Meeting on 29 October 2018.

**Conclusion**

The Meeting was closed at 5:55pm

---

Chairperson

John Gordon