

# **MINUTES**

---

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

**Monday, 20 May 2019**

**4.00pm**

**Waratah Room, Georges River Council Civic  
Centre**



## **Pre-meeting Presentation**

Prior to the meeting, the independent members of ARIC had a presentation on Cyber-Security Online Training. This was presented to the Committee by council's Chief Information Officer, Fresia Segovia.

## **Present**

### **Committee Members**

Independents: Chairperson – Mr John Gordon, Ms Elizabeth Gavey, Mr Stephen Horne  
Councillors: Ms Christina Wu, Mr Warren Tegg

### **Other Externals in Attendance**

Ms Dominika Ryan, NSW Audit Office-Items AUD017-19 to AUD022-19  
Mr Sanket Raje, Deloitte (via phone)- Items AUD017-19 to AUD022-19  
Ms Kylie McRae, O'Connor Marsden-Item AUD018-19

### **Council Staff in Attendance**

General Manager - Ms Gail Connolly, Director Business and Corporate Services - Mr David Tuxford, Internal Auditor - Ms Juliette Hall, Manager Office of the General Manager - Roxanne Thornton

Specific Agenda Items only:

Director City Strategy and Innovation - Ms Sue Weatherley  
CFO – Ms Danielle Parker  
Manager Governance & Risk – Ms Popy Mourgelas  
Coordinator, Corporate Governance-Vanessa Smith  
Personal Assistant to Manager Office of the General Manager – Ann-Marie Svorinic

## **Opening**

The Chairperson, Mr Gordon opened the meeting at 4.00pm and determined that the meeting had a quorum.

## **Apologies**

NIL.

## **Disclosures of Interests:**

The ARIC members will complete the annual disclosure at the 19 August 2019 meeting. Individual disclosures will be submitted at each meeting, as and when required.

1. Mr John Gordon – noted he is an independent member of the Audit & Risk Committee for the Audit Office of NSW.
2. Ms Elizabeth Gavey – no additional disclosures.
3. Mr Stephen Horne – no additional disclosures.

## **Committee Reports**

### **AUD017-19 Confirmation of the Minutes of the previous meeting held on 18 February 2019**

(Report by Internal Auditor)

#### **Discussion:**

There was no discussion on this Item. The ARIC had previously reviewed the Minutes that had been circulated out of session.

#### **Recommendation:**

That the Minutes of the Audit, Risk and Improvement Committee meeting held on 18 February 2019 be adopted.

#### **Decision:**

After review, the Minutes of the Audit, Risk and Improvement Committee meeting held on 18 February 2019 be adopted.

Note: Dominika Ryan from Audit Office NSW arrived to the meeting at 4.02pm.

Note: Councillor Christina Wu arrived to the meeting at 4.05pm.

### **AUD019-19 Status of Actions of the Audit, Risk and Improvement Committee** (Report by Internal Auditor)

#### **Discussion:**

The Chair led discussion regarding review of the Status of ARIC Actions worksheet. The ARIC requested to have each Action numbered for ease of reference in future discussion. Some minor amendments were requested for ongoing actions. The outstanding items were reviewed and discussed as to their status and action taken to date. The ARIC agreed that the list was representative of discussions and actions were being dealt with on a timely basis. WH&S was raised by the ARIC as an item that they would like to have presented to them, including statistics, claims including trends related to mental health. It was suggested that the 'Compliance' section of the standard agenda would be the appropriate section for WHS inclusion on a 6 monthly basis. Any significant WHS matters/ occurrences are to be reported to the next available meeting.

#### **Recommendation:**

That the report on the Status of Actions for the Audit, Risk and Improvement Committee be received and noted.

#### **Decision:**

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

#### **Actions:**

1. Internal Auditor to update the list for actions arising out of this meeting.
2. Internal Auditor to number each item for ease of reference in the future.
3. Internal Auditor to include WH&S as an item for presentation at the next ARIC meeting and aligned to "Compliance" in the ARIC calendar.

Note: Councillor Warren Tegg arrived to the meeting at 4.08pm

Note: Dominika Ryan called Sanket Raje (Deloitte) from her mobile phone and Sanket Raje joined the meeting from 4.09pm

Note: Kylie McRae (O'Connor Marsden) arrived to the meeting at 4.17pm.

Note: Gail Connolly arrived to the meeting at 4.22pm.

#### **ITEM 4**

##### **Legislative Responsibility – Financial Management**

###### **Discussion:**

Dominika Ryan (Audit Office NSW) provided a brief overview of their Client Engagement Plan to ARIC.

Danielle Parker advised that there were no Special Purpose Financial Statements, only General Purpose Financial Statements that would be subject to audit.

Dominika Ryan advised of the NSW Audit Office Report to Parliament for which more information will be provided at the next ARIC meeting.

The Chair mentioned the focus on Credit Cards in local government sector and asked how many credit cards were issued at Georges River Council. Danielle Parker advised that approximately 30-40 credit cards have been issued and that the Finance Unit has provided training and awareness to Council credit card holders.

The ARIC raised the issue of Long Service Leave (LSL) and why an actuarial review was required. Dominika Ryan responded that it should not be an actuary, should actually be a council officer.

Danielle Parker indicated that her understanding was this was about Superannuation, not LSL.

The ARIC noted the strong focus on Capital Works Program.

There was some discussion around the interim audit findings. Danielle Parker advised that the only issue she was aware of was the approval of journals.

No interim report has yet been received by Council.

###### **Decision:**

After review and discussion, the Committee noted the NSW Audit Office Client Engagement Plan.

## **AUD018-19 Internal Audit Report – Procurement** (Report by Internal Auditor)

### **Discussion:**

Kylie McRae (O'Connor Marsden) and Popy Mourgelas (GRC) participated in discussion on this item. A high level overview and highlights from KM were requested by the ARIC.

KM advised:

- Post-amalgamation, very strong controls were placed over Procurement area and practices.
- Controls are so strong, they may be impeding efficiency with over-control in some areas.
- Lack of consistency when providing advice to organisation.
- 6 major findings, 5 of which are performance improvement.
- No instances of fraud were identified.

Popy Mourgelas advised the ARIC that Council had adopted a “centre led” procurement model.

There was discussion by the ARIC in relation to what other areas might be in a similar situation to Procurement, where emergency policy and procedures were developed quickly following amalgamation and now the organisation has moved on and matured.

Juliette Hall advised that a number of these areas were identified and being captured in the adopted Audit Program.

### **Recommendation**

That the internal audit report on Procurement and Management's response be received and noted.

### **Decision:**

After review and discussion, the ARIC received and noted the report.

### **Standing Items**

#### **General Manager Update**

The General Manager updated the ARIC on the following items:

- Draft Delivery and Operational Plan currently on exhibition, to go to June 2019 Council Meeting for adoption.
- Harmonisation of Rate Structure. GRC is well advanced, having already held workshops with our Councillors with a range of modelling done. Council is required to have one merged rate structure from 30 June 2020. Community Engagement not yet commenced, but will be a significant project.
- Code of Conduct and Code of Meeting Practice. Public are struggling with the idea of public participation not being adjoined to a meeting. Zero submissions received on CoC.

The Chair enquired on Code of Conduct matters, following SMH articles.

## **Update on new City Strategy and Innovation**

Sue Weatherley, the new Director of City Strategy and Innovation provided an overview of her role and directorate set up to 'shape the future' of GRC and building relationships for the City. The Directorate consists of Economic Development, Communication, Strategy & Innovation. The vision is planning & looking to the future – but also branding and reputation.

Strategies identified include;

- Hurstville – 'Heart of the City'
- Kogarah Collaboration Precinct
- Innovation
- Vision 2050
- Reputation Strategy

Council has endorsed this directorate for a 2 year term.

Note: Dominika Ryan and Sanket Raje left the meeting at 5.21pm

## **AUD020-19 Mayor and Councillor Expenses and Facilities Policy** (Report by Manager, Office of the General Manager)

### **Discussion:**

Roxanne Thornton addressed the ARIC on the Policy and how it worked within Council to provide context on the claims that are submitted to the ARIC at every meeting. She advised that the Policy was earmarked for review and alignment with other Councils and current relevance.

To provide some context, the ARIC requested expenditure comparisons to other councils, including total spend by category, be submitted to next meeting and annually.

### **Recommendation**

That the report and presentation on the Mayor and Councillor Expenses Policy be received and noted.

### **Decision:**

After discussion and consideration, the Committee received and noted the Mayor and Councillor Expenses Policy report.

### **Actions:**

Roxanne Thornton to provide expenditure comparisons to other councils, including total spend by category, to next ARIC meeting and annually.

**AUD021-19      Quarterly Report - Claims Pursuant to the Mayor and Councillors' Expenses and Facilities Policy (1 January 2019 to 31 March 2019)**  
(Report by Acting Personal Assistant to Executive Manager)

**Discussion:**

The ARIC discussed this report in conjunction with AUD020-19

**Recommendation**

- (a) That the record of claims (as detailed in Attachment 1) made pursuant to the *Mayor and Councillors' Expenses and Facilities Policy* for the period of 1 January 2019 to 31 March 2019, be noted.
- (b) That following consideration of this report by the Audit Risk and Improvement Committee, details of reimbursements contained in Attachment 1 be made available on Council's website.

**Decision:**

After review and discussion, the report-*Quarterly Report-Claims pursuant to Mayor and Councillors Expenses and Facilities Policy* was noted.

Note:      Councillor Christina Wu left the meeting at 5.35pm

**AUD022-19      Strategic Risks Review Update**  
(Report by Manager Governance and Risk)

**Discussion:**

Popy Mourgelas led discussion and review of 2019 Top 10 Strategic Risks. The ARIC was impressed with the Top 10 Comparative table and what GRC risks were relative to others.

PM also advised the ARIC that JLT were to perform a risk maturity assessment and compare to the InConsult assessment completed last year to determine improvement in risk maturity levels.

PM asked the Committee for their opinion regarding the 'Risk Rating Criteria' and how this compares to other Councils. The Chair advised the ARIC will take on notice for feedback.

The ARIC queried where 'business continuity' was covered in this risk review and whether it is covered under Operational Risks or did not warrant inclusion on the 'top 10' strategic risk list.

PM to advise at future meeting.

The ARIC sought clarification on when looking at Risk Mitigation Strategies, did 'Management Attention' refer to the 'Risk Owner'.

WHS risk was raised again with notation that this will be presented at the next ARIC meeting as per AUD019-19.

**Recommendation:**

That the report on the Strategic Risks Review Update be received and noted.

**Decision:**

After review and discussion, the report on the Strategic Risk Review Update be received and noted.

**Actions:**

1. The ARIC to provide feedback to PM regarding 'Risk Rating Criteria'.
2. PM to provide feedback to the ARIC regarding consideration of business continuity and where this fits within Council's risk framework. This will be provided as a presentation immediately prior to the next ARIC meeting in August 2019.

**AUD023-19     Fraud Control Training for Staff**  
(Report by Manager Governance and Risk)

**Discussion:**

Popy Mourgelas provided some oversight on fraud control training undertaken for staff and the various ways this was delivered.

PM also advised that an e-learning module was being reviewed with IM&T to deliver training more widely and regularly to staff with the ability to log and record completion.

**Recommendation**

That the report, Fraud Control Training for Staff, be received and noted.

**Decision:**

After review and discussion, the report, Fraud Control Training for Staff, be received and noted.

**AUD024-19     Internal Audit Program Status 2018-19**  
(Report by Internal Auditor)

**Discussion:**

Juliette Hall advised that the Audit Program was on track but the submission of reports to the ARIC was slightly delayed. This will result in at least 5 reports being submitted to the ARIC for review at the next meeting.

**Recommendation:**

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

**Decision:**

After review and discussion, the status of the Audit Program was received and noted.

**AUD025-19     Status of Internal and External Audit Recommendations**  
(Report by Internal Auditor)

**Discussion:**

Juliette Hall advised that there were no overdue audit recommendations, however, with the number of audit reports being finalised in the next few months, the number of audit recommendations across the organisation is going to increase substantially.

The ARIC advised the need to monitor these closely and particularly those audit recommendations that were approaching target dates close to upcoming ARIC meetings.

**Recommendation:**

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

**Decision:**

After review and discussion, the report on the status of Internal and External Audit Recommendations be received and noted.

## **Conclusion**

The Meeting was closed at 6.10pm

---

Chairperson

John Gordon