

**UNCONFIRMED MINUTES  
OF THE AUDIT COMMITTEE MEETING OF PENRITH CITY COUNCIL HELD IN THE  
PASSADENA ROOM, PENRITH  
ON WEDNESDAY 24 AUGUST 2016 AT 8:00AM**

**PRESENT**

Frank Gelonesi (Chair), Deputy Mayor, Councillor Ross Fowler OAM, Darren Greentree and Jayant Gulwadi

Alan Stoneham (General Manager), Stephen Britten (Chief Governance Officer), Andrew Moore (CFO), Matthew Bullivant (Legal Services Manager), Brett Richardson (Acting Financial Services Manager), Daniel Moore, Expenditure Accountant, Gary Mattou (Director - Audit and Assurance (Hill Rogers)) and Andrew Luu (Manager Audit and Assurance (Hill Rogers)).

**APOLOGIES**

Her Worship the Mayor, Councillor Karen McKeown.

**CONFIRMATION OF MINUTES - Audit Committee Meeting - 8 June 2016**

Darren Greentree requested the timing for a report to be brought to the Audit Committee in relation to cybersecurity. Matthew Bullivant advised that the next Audit Committee meeting would be a workshop to consider an updated audit programme; and that a report on cybersecurity would be included on the agenda of the first audit committee meeting in 2017.

AUC25 RESOLVED on the motion of Darren Greentree seconded Frank Gelonesi that the minutes of the Audit Committee Meeting of 8 June 2016 be confirmed.

**DECLARATIONS OF INTEREST**

Nil.

**DELIVERY PROGRAM REPORTS**

**OUTCOME 7 - WE HAVE CONFIDENCE IN OUR COUNCIL**

**1 2015-16 Financial Statements**

Brett Richardson presented the draft financial statements and advised that there had been a clearance meeting with the external auditors on Monday and that no issues remained outstanding.

Issues discussed included:

- Main financial results and significant contributing events
- Significant matters included in last year's results that impact on comparisons
- Investment properties including revaluations and sales. Particular reference was made to the income derived from the disposal of assets (\$7.2m), which was attributed to the sale of a Council property at Victoria Road, Werrington. The point was made that there may be further activity in relation to this item as a result of Council looking to leverage off its property portfolio.
- Road revaluations and revaluation cycles in general
- Employee entitlements and superannuation arrangements. Discussion occurred in relation to the EBA to manage entitlements of pre-1993 employees.

- Approval of the Special Rate Variation from IPART to commence in 2016-17. The funds derived from IPART would be applied mainly to asset renewal.
- Controlled entities including their audit arrangements.

Following the Audit Committee's review of the Financial Statements, Gary Mottau provided a report on the audit. Gary advised that he expected to issue an unmodified report by 26 August 2016. Gary also advised that there were no risks of material misstatement were evaluated as significant. The audit identified a very small percentage of orders being raised post year end. Gary advised that these were not significant and that Management's response was that they will ensure that in future orders of this nature will be addressed with the responsible accounting officer.

Gary advised that there was a fraud detected at Ripples which was only identified post audit (July 2016). It related to approximately in \$8,000 in receipts being voided and the equivalent amount in cash being removed from cash registers by a staff member. The conduct occurred over a period of 9 months. The staff member was terminated and the amount was repaid.

It was determined to report the matter to ICAC. The Audit Committee was advised that procedures have been adopted to prevent the same type of conduct from recurring. The Audit Committee asked for a report on what those procedures were.

Gary Mottau advised that Hill Rogers were engaged by Ripples to prepare the end of year financial statements as well as conducting the annual audit. Gary advised that Hill Rogers informed Ripples and Council of the potential conflict.

AUC26 RESOLVED on the motion of Darren Greentree seconded Frank Gelonesi

That:

1. The information contained in the report on 2015-16 Financial Statements be received.
2. The Audit Committee refers the Draft 2015-16 Financial Statements to Council for signing.

## **2 Drives**

Matthew Bullivant spoke to the report on the audit undertaken of Drives. Matthew advised that Brett Hanger , Partner of Hill Rogers undertook the audit.

Matthew advised that the audit identified no significant risks and that the auditor was satisfied that Council's procedures during the period 1 July 2015 to 30 June 2016 regarding the use of information accessed and the protection of data provided by RMS are adequate and in compliance with the RMS's guidelines and DRIVES Terms of Access Agreement

There were only 2 recommendations which were:

1. That the agreement between the Council and RMS be varied to include the RID Squads access;
2. The agreement between the Council and the RMS be amended to reflect that the access to the Drives database is authorised to be accessed from the St Marys office.

Matthew advised that there were confirmation emails from the RMS to authorise the RID Squads access and access from the St Marys office, but nevertheless the relevant

Manager will be asked to request RMS to amend the agreement.

AU27 RESOLVED on the motion of Jayant Gulwadi seconded Deputy Mayor, Councillor Ross Fowler OAM that the information contained in the report on Drives be received.

**GENERAL BUSINESS**

Stephen Britten provided an update on the ICAC Public Inquiry in relation to Operation Scania. Stephen advised that the Inquiry had commenced on 22 August and would run up until 9 September. He advised that there were 2 aspects to the inquiry, which were:

1. The processes and systems that were in place at the time of the alleged corrupt conduct;
2. The alleged corrupt conduct.

Stephen advised that there were no properties within the Penrith LGA which were the subject of the corrupt conduct.

Matthew Bullivant provided an update on the recruitment process for the replacement of the Internal Audit and Risk Management Coordinators position.

There being no further business the Chairperson declared the meeting closed the time being 9:50am.