

**UNCONFIRMED MINUTES
OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING OF PENRITH CITY
COUNCIL HELD IN THE PASSADENA ROOM, PENRITH
ON WEDNESDAY 13 DECEMBER 2017 AT 8:00AM**

PRESENT

Bruce Turner AM (Chair), Councillor Ross Fowler OAM, Councillor Kath Presdee, Elizabeth Gavey, Darren Greentree and John Barbeler.

Craig Butler (Assistant General Manager), Monique Bartley (Audit Leader, Financial Audit), Stephen Britten (CGO), Andrew Moore (CFO), Anthony Robinson (Risk and Audit Coordinator) and Stuart Benzie (Internal Audit and Policy Officer)

APOLOGIES

His Worship the Mayor Councillor John Thain, Alan Stoneham (General Manager), Karen Taylor (Director Financial Audit Services, Audit Office of NSW) and Matthew Bullivant (Legal Services Manager)

CONFIRMATION OF MINUTES - Audit, Risk and Improvement Committee Meeting - 6 September 2017

The open items brought forward from the previous meeting of 6 September 2017 were discussed.

Bruce Turner AM requested that the ARIC continue to receive information from the CFO on how Council's Budget Actuals are tracking.

Bruce Turner AM requested that a report on the structure of Council's controlled entities be provided at the next meeting.

Bruce Turner AM requested that at its next meeting the ARIC be provided with information on the ICAC recommendations and their status, for matters relating to Council, resulting from the ICAC investigation into the RID Squad.

Stephen Britten advised that a report on the governance controls for Council's significant property projects will be provided at the next meeting.

AU20 RESOLVED on the motion of Darren Greentree seconded by Councillor Ross Fowler OAM that the minutes of the Audit, Risk and Improvement Committee Meeting of 6 September 2017 be confirmed.

DECLARATIONS OF INTEREST

Nil.

DELIVERY PROGRAM REPORTS

OUTCOME 7 - WE HAVE CONFIDENCE IN OUR COUNCIL

1 Introduction to the Audit, Risk and Improvement Committee

Bruce Turner AM requested the ARIC be provided with information on the status of Council's Statement of Business Ethics at its next meeting.

It was agreed that three hours would be the suitable duration for future ARIC meetings.

Elizabeth Gavey requested that ARIC members be provided with full Internal Audit reports as they are completed, rather than only receiving Executive Summaries and recommendations.

RECOMMENDATION

AU21 RESOLVED on the motion of Councillor Kath Presdee seconded by Elizabeth Gavey that the information contained in the report on Introduction to the Audit, Risk and Improvement Committee be received.

2 Audit Office of NSW Management Letter on the Final Phase of the Audit for the Year Ended 30 June 2017

Monique Bartley spoke to the report.

John Barbeler and Bruce Turner AM suggested that Council's responses to Audit Office recommendations should include target dates.

Elizabeth Gavey requested that updates on the implementation status for recommendations be provided at each meeting.

Darren Greentree suggested that responses to recommendations should be more specific in allocating responsibility for implementation and that it would be beneficial for an individual senior officer to be allocated overall responsibility for ensuring implementation.

Andrew Moore, CFO, advised that Council's Financial Services Manager will coordinate the responses and report back to the ARIC at its next meeting.

RECOMMENDATION

AU22 RESOLVED on the motion of John Barbeler seconded by Councillor Ross Fowler OAM that the information contained in the report on Audit Office of NSW Management Letter on the Final Phase of the Audit for the Year Ended 30 June 2017 be received.

3 Innovative Performance Team

Vicki O'Kelly, Executive Manager – Community and Chief Operating Officer, and Alan Magner, Innovative Performance Manager, attended the meeting for this item.

Alan Magner provided a presentation on the methodology being used to achieve Council's productivity goals.

It was requested that a report be brought to the next meeting detailing how the innovative performance activities align with the ARIC Charter, how the activities might be reported to the ARIC on an ongoing basis, how risks are considered during performance analysis and what the pipeline of projects is.

RECOMMENDATION

AU23 RESOLVED on the motion of Elizabeth Gavey seconded by Darren Greentree that the information contained in the report on Innovative Performance Team be received.

Vicki O'Kelly and Alan Magner left the meeting at 9:15.

4 Governance Update

Adam Beggs, Acting Governance Manager attended the meeting for this item and spoke to the report.

It was requested that future reports include some additional information relating to complaints and compliments received, ICAC reports and publications, and trends on workforce conduct matters.

Bruce Turner AM requested that the concept of a Charter of Rights for staff who are the subject of complaint investigations be considered.

RECOMMENDATION

AU24 RESOLVED on the motion of Darren Greentree seconded by Councillor Kath Presdee that the information contained in the Governance Update report be received.

Adam Beggs left the meeting at 9:30.

5 Draft Risk Management Policy

Anthony Robinson spoke to the report.

It was requested that a small number of changes be made to the Draft Risk Management Policy, including recognising that the ARIC has an endorsement role for the Policy and no approval authority, linking the budget setting to risk activities, and a comment that risk considerations are to be imbedded in conversations and decision making.

John Barbeler requested that consideration be given to requiring Council's decision making reports to the Council and the Executive, to include a comment about risk considerations.

RECOMMENDATION

That:

1. AU25 RESOLVED on the motion of Darren Greentree seconded by Councillor Kath Presdee that the information contained in the report on Draft Risk Management Policy be received.
2. AU26 RESOLVED on the motion of Darren Greentree seconded by Councillor Kath Presdee that subject to the above amendments the Draft Risk Management Policy be progressed to the Policy Review Committee of Council for adoption.

6 Draft Internal Audit Charter

Anthony Robinson spoke to the report.

Bruce Tuner discussed a number of recommended changes to the Draft Internal Audit Charter and it was agreed that these would be provided to Anthony Robinson in greater detail for inclusion in the Charter.

RECOMMENDATION

That:

1. AU27 RESOLVED on the motion of John Barbeler seconded by Elizabeth Gavey that the information contained in the report on Draft Internal Audit Charter be received
2. AU28 RESOLVED on the motion of John Barbeler seconded by Elizabeth Gavey that the Internal Audit Charter be amended in accordance with the suggested changes and be brought back to the ARIC for endorsement at its next meeting.

7 Internal Audit Status

Anthony Robinson spoke to the report.

It was requested that the terms of reference for the Cyber Security Audit be reviewed to ensure the scope of the audit is appropriate. Pending this, the ARIC offered in principle support for the schedule of internal audits.

Councillor Ross Fowler OAM requested that Council's Cyber Security insurance requirements be checked to ensure that Council complies with its obligations.

Bruce Turner AM requested that the internal audit area "Overall Policy & Procedures Framework" scheduled for 2018-19 be included as an element of the scope of a broader review of Council's "Compliance Framework".

It was requested that the ARIC be provided with a resource analysis for Internal Audit at a future meeting.

RECOMMENDATION

AU29 RESOLVED on the motion of John Barbeler seconded by Councillor Ross Fowler OAM that the information contained in the report on Internal Audit Status be received.

8 Progress in Implementing Audit Recommendations

The time being 10:00am, discussion on this item was deferred to the following meeting.

RECOMMENDATION

AU30 RESOLVED on the motion of Elizabeth Gavey seconded by Councillor Kath Presdee that the information contained in the report on Progress in Implementing Audit Recommendations be received.

GENERAL BUSINESS

John Barbeler requested that a report be provided outlining Council's overall governance framework.

Bruce Turner AM requested information on Council's relationship with the local traditional land owners and suggested that Council consider developing a Reconciliation Statement.

Bruce Turner AM requested that the previous Audit Committee members be asked to complete a satisfaction survey to determine a scorecard baseline.

Craig Butler, Acting General Manager, thanked the ARIC members offering their services and for their contributions at this meeting.

There being no further business the Chairperson declared the meeting closed the time being 10:10am.