

**UNCONFIRMED MINUTES
OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING OF PENRITH CITY
COUNCIL HELD IN THE ORMONDE ROOM, PENRITH
ON WEDNESDAY 5 SEPTEMBER 2018 AT 8:00AM**

PRESENT

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

Warwick Winn (General Manager), Karen Taylor (Director, Audit Services, Audit Office of NSW), Andrew Moore (Chief Financial Officer), Stephen Britten (Chief Governance Officer), Matthew Bullivant (Legal Services Manager), Neil Farquharson (Financial Services Manager), Stuart Benzie (Internal Audit and Policy Officer) and Kaye-Anne Goodshaw (Acting Risk & Audit Coordinator & Minute Taker).

LEAVE OF ABSENCE

Nil.

APOLOGIES

His Worship the Mayor, Councillor John Thain.

CONFIRMATION OF MINUTES - Audit, Risk and Improvement Committee Meeting - 6 June 2018

The ARIC acknowledged the service of the previous General Manager, Alan Stoneham.

The ARIC requested the NSW Audit Office provide a copy of Council's responses to the Fraud Survey conducted by the Audit Office.

The ARIC requested an update on the ICT Disaster Recovery Plan.

The ARIC requested a risk assessment be carried out on moving servers to the downstairs basement.

The ARIC requested Anthony circulate the Terms of Reference for the external audit of internal audit.

ARIC29 RESOLVED on the motion of Darren Greentree seconded by John Barbeler that the minutes of the Audit, Risk and Improvement Committee Meeting of 6 June 2018 be confirmed.

DECLARATIONS OF INTEREST

Elizabeth Gavey declared her recent appointment to the Audit and Risk Committee of the NSW Electoral Commission.

DELIVERY PROGRAM REPORTS

OUTCOME 7 - WE HAVE CONFIDENCE IN OUR COUNCIL

1 Financial Statements for the year ended 30 June 2018

Daniel Moore (Operational Finance Coordinator) attended for items one and two.

Neil Farquharson (Financial Services Manager) advised the financial statements are nearing completion and reflect a strong financial performance for 2017-18. Daniel Moore provided a presentation highlighting the key achievements.

The Committee noted the high quality of the Financial Statements and thanked the Financial Services Team and the NSW Audit Office for their contributions.

The ARIC requested that the audited accounts and management letters for each of the Council's entities be provided at the December ARIC meeting.

RECOMMENDATION

ARIC30 RESOLVED on the motion of Darren Greentree seconded by John Barbeler

That:

1. The information contained in the report on Financial Statements for the year ended 30 June 2018 be received.
2. The Audit Committee refers the Draft 2017-18 Financial Statements to Council for signing.

2 Audit Office of NSW Interim Management Letter for Year Ending 30 June 2018

Karen Taylor (Director Audit Services, Audit Office of NSW) spoke to the Interim Management Letter and tabled the Audit Office of NSW Engagement Closing Report for the year ending 30 June 2018.

ARIC31 RESOLVED on the motion of Elizabeth Gavey seconded by Councillor Ross Fowler OAM

That:

1. The information contained in the report on Audit Office of NSW Interim Management Letter for year ending 30 June 2018 be received.
2. The information contained in the Audit Office of NSW Engagement Closing Report for the year ending 30 June 2018 be received.

4 Probity Management Policy

Glen McCarthy (Governance Manager) arrived at the meeting, the time being 9:05am.

Daniel Moore left the meeting, the time being 9:06am.

Glenn McCarthy spoke to the report. Minor amendments were suggested by the ARIC.

Warwick Winn, (General Manager) advised the Draft Probity Policy will be taken to CLT and the ARIC will receive the final policy.

RECOMMENDATION

ARIC32 RESOLVED on the motion of Elizabeth Gavey seconded by Councillor Ross Fowler OAM

That:

1. The information contained in the report on Probity Management Policy be received.
2. Council staff take on board any feedback provided from the ARIC with a view to further consultation with the organisation and the presentation of a final document to the next ARIC meeting.

5 Payroll Audit Actions and Improvements Update

Linda Ross (Workforce and Organisational Development Manager), Sandy Davies (Executive Manager People and Capability), Alan Magner (Innovative Performance Manager) and Tanya Jackson (Innovative Performance Coordinator) arrived at the meeting, the time being 9:17am.

Karen Taylor and Glenn McCarthy left the meeting, the time being 9:17am

Linda Ross Spoke to the report. The need to further investigate options for electronic time sheets was discussed. The ARIC indicated it is satisfied with the progress made towards implementing audit recommendations and thanked the Workforce and Organisational Development staff, and the Innovative Performance staff for their efforts.

RECOMMENDATION

ARIC33 RESOLVED on the motion of Darren Greentree seconded by Councillor Kath Presdee that the information contained in the report on Payroll Audit Actions and Improvements Update be received.

14 Innovative Performance Projects

Linda Ross and Sandy Davies left the meeting, the time being 9:24am.

Vicki O'Kelly (Executive Manager Community and COO) arrived at the meeting, the time being 9:25am.

Alan Magner spoke to the report.

Councillor Ross Fowler OAM left the meeting, the time being 9:29am

RECOMMENDATION

ARIC 34 RESOLVED on the motion of Elizabeth Gavey seconded by Darren Greentree that the information contained in the report on Innovative Performance Projects be received.

6 Internal Audit of Procurement

Alan Magner, Tanya Jackson & Vicki O'Kelly left the meeting, the time being 9:36am.

Andrew Moore discussed the audit response. The majority of recommendations were accepted for implementation.

The ARIC requested this remain as a regular item on the agenda for the time being.

RECOMMENDATION

ARIC35 RESOLVED on the motion of Councillor Kath Presdee seconded by Darren Greentree that the information contained in the report on Internal Audit of Procurement be received.

7 Audit, Risk and Improvement Committee Action Plan

Bruce Turner spoke to the report. The ARIC indicated agreement with the Action Plan.

RECOMMENDATION

ARIC36 RESOLVED on the motion of Darren Greentree seconded by Councillor Kath Presdee that the information contained in the report on Audit, Risk and Improvement Committee Action Plan be received.

8 Results of Year-End Risk Review (Operational Risk Report)

Matthew Bullivant (Legal Services Manager) spoke to the report. An update on risk treatment plans will be provided at the next meeting in December.

RECOMMENDATION

ARIC37 RESOLVED on the motion of Darren Greentree seconded by John Barbeler that the information contained in the report on Results of Year-End Risk Review (Operational Risk Report) be received.

13 Action Items

Bruce Turner confirmed that actions A10, A22, A26, A35, A38 and A40 are to be closed off.

RECOMMENDATION

ARIC38 RESOLVED on the motion of Darren Greentree seconded by John Barbeler that the information contained in the report on Action Items be received.

12 Progress in Implementing Audit Recommendations

The ARIC advised that updates on the implementation Payroll Audit recommendations can now be included in this report

RECOMMENDATION

ARIC39 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.

3 Audit, Risk and Improvement Committee and Internal Audit Annual Reports

Bruce Turner spoke to the report and acknowledged the 11 years' service to the Committee (previously the Audit Committee) by Councillor Ross Fowler OAM.

RECOMMENDATION

ARIC40 RESOLVED on the motion of John Barbeler seconded by Darren Greentree

That:

1. The information contained in the report on Audit, Risk and Improvement

Committee and Internal Audit Annual Reports be received.

2. The Audit, Risk and Improvement Committee Annual Report and the Internal Audit Annual Report be endorsed for presentation to the Council.

9 Internal Audit Status Report

RECOMMENDATION

ARIC41 RESOLVED on the motion of Darren Greentree seconded by John Barbeler that the information contained in the report on Internal Audit Status Report be received.

10 Internal Audit of Delegations

RECOMMENDATION

ARIC41 RESOLVED on the motion of Darren Greentree seconded by John Barbeler that the information contained in the report on Internal Audit of Delegations be received.

11 DRIVES24 Audit

RECOMMENDATION

ARIC41 RESOLVED on the motion of Darren Greentree seconded by John Barbeler that the information contained in the report on DRIVES24 Audit be received.

GENERAL BUSINESS

In keeping with the ARIC's practice, the ARIC identified the following five key take-outs from the meeting:

1. Financial Statements – Reviewed the audited financial statements and noted Council's strong financial position across most targets and indicators. Received from the Audit Office the 'Interim Management Letter' and 'Engagement Closing Report', reflecting no serious concerns. With the bulk of the audit completed, an unmodified external audit opinion is expected when the audit is finalised this month.
2. Probity Management Policy – Received and considered draft Probity Policy.
3. Enterprise Risk Management - Received the results of a year-end review of operational risks conducted by management. The report is part of Council's enhanced enterprise risk management arrangements introduced during the year
4. Procurement Audit - Internal audit delivered a wide-ranging report on procurement. Quarterly progress reports to be provided to the ARIC whilst the main recommendations are being implemented.
5. ARIC Annual Report - An Annual Report on the ARIC was discussed and endorsed for presentation to Council. The ARIC also endorsed an Action Plan that will guide enhancements to the ARIC's operations and activities to address the breadth of responsibilities in its charter.

There being no further business the Chairperson declared the meeting closed the time being 10:57am.