

Reports of the Corporate Governance Committee Meeting held at 5.30pm on Tuesday, 9 July 2013.

APOLOGIES

ACKNOWLEDGEMENT OF LAND

DECLARATIONS OF INTEREST

Pecuniary Interests

Non Pecuniary – Significant Interests

Non Pecuniary – Less than Significant Interests

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Minutes of the Corporate Governance Committee held on 9 July 2013

Present

Her Worship the Mayor, Councillor S Dobson
Councillor C Mead (Chairperson)
Councillor F Borg
Councillor A Chanthivong
Councillor G Greiss
Councillor P Hawker
Councillor R Kolkman
Councillor P Lake
Director Business Services - Mr M Sewell
Director City Works - Mr J Hely
Manager Assets and Supply Services - Mr G Mitchell
Manager Business Assurance - Mrs M McIlvenny
Acting Manager Communications and Marketing - Ms A King
Acting Manager Customer Service - Mr P Macdonald
Manager Executive Services - Mr N Smolonogov
Acting Manager Financial Services - Mr A Butcher
Acting Manager Governance and Administration - Mrs B Naylor
Acting Manager Information Management and Technology - Mrs S Peroumal
Manager Property Services - Mr J Milicic
Coordinator Facility Maintenance Services - Mr W Miller
Executive Assistant - Mrs K Peters

Apology Nil

Acknowledgement of Land

An Acknowledgement of Land was presented by the Chairperson Councillor Mead.

DECLARATIONS OF INTEREST

Declarations of Interest were made in respect of the following items:

Pecuniary Interests

Nil

Non Pecuniary – Significant Interests

Nil

Non Pecuniary – Less than Significant Interests

Councillor Chanthivong advised that he is an employee of Transport NSW and if he considers there may be a perceived conflict necessitating him to declare an interest, he will do so and if appropriate, leave the room.

1. COMMUNICATIONS AND MARKETING

No reports this round

2. GOVERNANCE AND ADMINISTRATION

No reports this round

3. PROPERTY SERVICES

No reports this round

4. FINANCIAL SERVICES

4.1 Revised Policy - Unclaimed Money

Reporting Officer

Acting Manager Financial Services

Attachments

Unclaimed Money Policy

Purpose

To seek Council's endorsement on the Unclaimed Money Policy.

History

The abovementioned policy was adopted by Council on 15 March 1973, was last reviewed on 31 May 2011 and is now due for review in accordance with the Records and Document Management Policy.

Report

The abovementioned policy was reviewed in accordance with Council's Record Management Policy and the adopted procedure for Policy Development and Review.

The Unclaimed Money Policy has been reviewed and found that no changes were required. It is recommended that the policy be adopted and a new review date set.

Officer's Recommendation

1. That the Unclaimed Money Policy as attached to this report be adopted.
2. That the policy review date be set at 30 June 2015.

Committee's Recommendation (Lake/Mead)

That the Officer's Recommendation be adopted.


Council Meeting 16 July 2013 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Resolution Minute Number 152

That the Officer's Recommendation be adopted.

ATTACHMENT 1

 campbelltown city council		POLICY
Policy Title	Unclaimed Money	
Related Documentation	Procedures for Unclaimed Monies	
Relevant Legislation/ Corporate Plan	<i>Taxation Administration Act 1996</i> <i>Local Government Act 1993</i>	
Responsible Officer	Manager Financial Services	

Policy details may change prior to review date due to legislative changes etc, therefore this document is uncontrolled when printed.

Objectives

To comply with the *Taxation Administration Act 1996* regarding Council's obligations to administer and remit unclaimed monies to the NSW Office of State Revenue.

Policy Statement

Council will before the end of the financial year review all specific accounts relating to unclaimed monies that have had no activity for a period of six years and forward these amounts onto the NSW Office of State Revenue.

Scope

To ensure Council meets its statutory obligation to remit state payments to the NSW Office of State Revenue. State payments are expected not to exceed more than 10 transactions per annum.

Definitions

Nil

Legislative Context

Taxation Administration Act 1996
Local Government Act 1993 Sections 593 and 720

Principles

These accounts relate to the following:

- Electoral Nomination
- Overpayments
- Proceeds for sale of property for unpaid rates
- Bonds

DATA AND DOCUMENT CONTROL		
Division: Business Services Section: Financial Services DW1606572	Adopted Date: 15/03/73 Revised Date: 31/05/11 Minute Number: 99 Review Date: 30/10/13	Page: 1 of 2 Print Date:

Campbelltown City Council

- Unpresented Cheques
- Deposits
- Unknown receipts
- Legal Proceedings
- Trust Account Funds

Responsibility

Revenue Accountant and Manager Financial Services

END OF POLICY STATEMENT

DOCUMENT HISTORY AND VERSION CONTROL RECORD

Contact for inquiries and proposed changes

Name	Corinne Mears
Position/Section	Manager Financial Services
Contact Number	4645 4695

Version Number	Revised Date	Authorised Officer	Amendment Details

4.2 Revised Policy - Cashier Shortages

Reporting Officer

Acting Manager Financial Services

Attachments

Cashier Shortages Policy

Purpose

To seek Council's endorsement on the Cashier Shortages Policy.

History

The abovementioned policy was adopted by Council on 26 April 1983, was last reviewed on 31 May 2011 and is now due for review in accordance with the Records and Document Management Policy.

Report

The abovementioned policy was reviewed in accordance with Council's Record Management Policy and the adopted procedure for Policy Development and Review.

The Cashier Shortages Policy has been reviewed and found that no changes were required. It is recommended that the policy be adopted and a new review date set.

Officer's Recommendation

1. That the Cashier Shortages Policy as attached to this report be adopted.
2. That the policy review date be set at 30 June 2015.

Committee's Recommendation (Hawker/Kolkman)

That the Officer's Recommendation be adopted.


Council Meeting 16 July 2013 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Resolution Minute Number 152

That the Officer's Recommendation be adopted.

ATTACHMENT 1

		POLICY
Policy Title	Cashier Shortages	
Responsible Officer	Manager Financial Services	

Policy details may change prior to review date due to legislative changes, therefore this document is uncontrolled when printed.

Objectives

Reimbursement of shortages in cash handling at all Council facilities.

Policy Statement

1. That all shortages be recorded, with no make up required from the employee subject to a satisfactory explanation being given on each occasion that a shortage occurs.
2. That if regular incidence of shortages occurs or unsatisfactory explanations are given, the employee involved is to be transferred to other duties.

Scope

This policy applies to all staff that handle cash in the form of floats for the purposes of giving change and petty cash for reimbursement of minor out of pocket expenses.

Definitions

Employee Any person conducting official duties on behalf of Council and remunerated through wages or salary on either a full time or part time basis.

Shortage A difference that is less than the amount recorded in Council's financial management system with the amount physically held as a float or as petty cash.

Legislative Context

Nil

Principles

The Manager Financial Services will be responsible for administering the principles and that appropriate steps are taken to maintain the appropriate checks and balances in the integrity of all cash floats recorded in Council's financial records.

Responsibility

The Manager Financial Services may delegate responsibility to the Revenue Accountant to ensure proper procedural documentation is maintained at a level satisfactory to Council and relevant legislation.

DATA AND DOCUMENT CONTROL		
Division: Corporate Governance Section: Financial Services DW:1555269	Adopted Date: 26.4.83 Revised Date: 31/5/11 Minute Number: 99 Review Date: 30/6/13	Page: 1 of 2 Print Date:

Campbelltown City Council

Effectiveness of this Policy

Key performance indicators:

Minimal exposure in lost income due to shortages in the reconciliation of cash and petty cash floats.

END OF POLICY STATEMENT

DOCUMENT HISTORY AND VERSION CONTROL RECORD

Contact for inquiries and proposed changes

Name	Corinne Mears
Position/Section	Manager Financial Services
Contact Number	4645 4695

Version Number	Revised Date	Authorised Officer	Amendment Details

4.3 Revised Policy - Partial Property Transfer

Reporting Officer

Acting Manager Financial Services

Attachments

Partial Property Transfer Policy

Purpose

To seek Council's endorsement on the Partial Property Transfer Policy.

History

The abovementioned policy was adopted by Council on 2 September 2008, was last reviewed on 10 May 2011 and is now due for review in accordance with the Records and Document Management Policy.

Report

The abovementioned policy was reviewed in accordance with Council's Record Management Policy and the adopted procedure for Policy Development and Review.

The Partial Property Transfer Policy has been reviewed and found that no changes were required. It is recommended that the policy be adopted and a new review date set.

Officer's Recommendation

1. That the Partial Property Transfer Policy as attached to this report be adopted.
2. That the policy review date be set at 30 June 2015.

Committee's Recommendation (Lake/Mead)

That the Officer's Recommendation be adopted.

Council Meeting 16 July 2013 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Resolution Minute Number 152

That the Officer's Recommendation be adopted.

ATTACHMENT 1

		POLICY
Policy Title	Partial Property Transfer	
Relevant Legislation/ Corporate Plan	<i>Local Government Act 1993</i> <i>Strata Schemes (Freehold Development) Act 1973</i> <i>Strata Schemes (Leasehold Development) Act 1986</i> <i>Strata Schemes Management Act 1996</i> <i>Real Property Act 1900</i>	
Responsible Officer	Manager Financial Services	

Policy details may change prior to review date due to legislative changes, therefore this document is uncontrolled when printed.

Objectives

To maintain accurate records of transfers of the title in land to expedite notification of Council's business and activities to new property owners.

Policy Statement

This policy is designed to maintain accurate records of land titles. This includes adjustment of records upon receipt of written notification from solicitors or conveyancers regarding transfer of title prior to official notification from the NSW Land Titles Office.

This policy is designed to be used in support of relevant legislation.

Letters received from the solicitor or conveyancer acting on behalf of the purchasers must include the following details to comply.

1. Statement requesting Council records be changed due to a sale or transfer of land.
2. New owner/s full name(s).
3. Full property description, including all Lot and Deposited Plan (DP) numbers.
4. Full mailing address for the service of notices.
5. Date of sale.

If the content of the written notification appears accurate and reliable the transfer will be flagged "PARTIAL". All partial transfers will be subject to a monthly review process and altered to "SALE" when and only when Council receives official notification from the NSW Land Titles Office.

Transfers that are not completed within a three-month period are to be followed up with the purchaser's solicitor or conveyancer until the matter is completed to the satisfaction of Council.

DATA AND DOCUMENT CONTROL		
Division: Business Services Section: Financial Services DW: 1748472	Adopted Date: 2/9/08 Revised Date: 10/5/11 Minute Number: 84 Review Date: 3/9/13	Page: 1 of 3 Print Date:

Campbelltown City Council

Scope

This policy applies to all property land transfer requests made upon settlement where Council receives appropriate notification from a solicitor or conveyancer acting on behalf of the purchaser.

Definitions

Notification provides a means of delivery of a written message in regards to statutory requirements and providing accurate up to date information.

Owner In relation to land other than Crown land includes;
"(i) every person who jointly or severally, whether at law or in equity, is entitled to the land for any estate of freehold in possession, and
(ii) every such person who is entitled to receive, or is in receipt of, or if the land were let to a tenant would be entitled to receive, the rents and profits of the land, whether as beneficial owner, trustee, mortgagee in possession, or otherwise, and
(iii) in the case of land that is the subject of a strata scheme under the Strata Schemes (Freehold Development) Act 1973 or the Strata Schemes (Leasehold Development) Act 1986, the owners corporation for that scheme constituted under the Strata Schemes Management Act 1996, and
(iv) in the case of land that is a community, precinct or neighbourhood parcel within the meaning of the Community Land Development Act 1989, the association for the parcel, and
(v) every person who by this Act is taken to be the owner..."
as defined by the Local Government Act 1993.

Property Land that is within the Campbelltown local government area and subject to the Real Property Act 1900.

Legislative Context

Local Government Act 1993, Strata Schemes (Freehold Development) Act 1973, Strata Schemes (Leasehold Development) Act 1986, Strata Schemes Management Act 1996 and Real Property Act 1900

Principles

The Manager Financial Services will be responsible for administering the principles and that appropriate steps are taken to maintain the integrity of data used in changing Council's records.

Responsibility

The Manager Financial Services may delegate their responsibility to the Revenue Accountant to ensure proper procedural documentation is maintained at a level satisfactory to Council and relevant legislation.

Effectiveness of this Policy

Key performance Indicators

1. maintain a one-month review of all "pending" transfers.
2. ensure any transfers incomplete (subject to the elapsing of a three-month period) are successfully followed up and completed.

END OF POLICY STATEMENT

DATA AND DOCUMENT CONTROL		
DW:1748472	Page: 2 of 3	Print Date:

Campbelltown City Council

DOCUMENT HISTORY AND VERSION CONTROL RECORD

Contact for inquiries and proposed changes

Name	Corinne Mears
Position/Section	Manager Financial Services
Contact Number	4645 4695

Version Number	Revised Date	Authorised Officer	Amendment Details

4.4 Local Government Infrastructure Audit

Reporting Officer

Acting Manager Financial Services

Attachments

Nil

Purpose

To provide information and to summarise the findings of the Local Government Infrastructure Audit - June 2013 published by the Division of Local Government.

Report

The Division of Local Government, Premier & Cabinet (DLG) released its council-by-council audit in June 2013 of the local government infrastructure backlog. Infrastructure assets have been identified by the government as an extremely important function of local government and as such, are recognised in the actions of the NSW 2021 State Plan.

The key objectives of the audit were to:

1. Provide information relating to infrastructure backlog in NSW
2. Assess the reliability of councils in determining the backlog amount
3. Identify trends in infrastructure needs by area and asset type
4. Identify the current infrastructure risk exposure.

The audit was conducted using three key methodologies:

Desktop review of all NSW councils

The desktop audit was conducted on all NSW councils using information sourced from the 2010-2011 financial statements and forecast data from the Integrated Planning and Reporting (IPR) documents such as the Long Term Financial Plan and Community Strategic Plan.

Maturity gap analysis of 42 councils

Only 42 councils were selected from the DLG comparative data groups 4, 8, 9 and 10, Campbelltown City Council is in group 7 and as such was not asked to participate in the survey.

An on-site audit of 35 councils

An on-site audit was conducted at 35 councils selected by the DLG. The audit was designed to test the accuracy and reliability of the information provided in the audit survey and data reported in Special Schedule 7 of the 2010-2011 financial statements.

In summary, the key findings of the Local Government Infrastructure Audit are:

- between 2004-2005 and 2011-2012 the backlog decreased from 18% of the written down value of all assets to 10%. The report concludes that this is primarily due to IPR framework and the introduction of Fair Value reporting. This in turn has resulted in councils gathering better data to manage their assets
- councils are underspending on asset management and this is projected to remain unchanged. Infrastructure backlogs that are reported as part of the Financial Statements are not formally audited
- councils appear to have better practices in place to identify asset management or maintenance needs for roads and road related infrastructure than other types such as buildings
- how councils manage the assets that are considered to be in a poor or unserviceable condition is important to the community
- there are funding strategies to help councils to reduce or prevent the backlog by increasing:
 - borrowings outright or participate in the Local Infrastructure Renewal Scheme (LIRS)
 - increase the rating base through special rate variations
 - applications in Government grants.

Campbelltown's infrastructure management assessment was reported as 'strong', meaning it would take less than three years annual revenue to bring assets to a satisfactory standard reported as the BTS rating. The report states that the south west group of Councils on average require a rate variation of 6.2% per annum for the next ten years.

The report provided an analysis of the backlog cost of works per person within each Local Government Area. The average Bring to Satisfactory standard (BTS) for NSW is approximately \$1000 the per capita. The BTS for Campbelltown City Council has been reported at \$162.27 per capita.

The document is available on the DLG website under Publications or can be accessed via this link:

<http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Information/Local%20Government%20Infrastructure%20Audit%20Report%20-%20June%202013.pdf>.

Officer's Recommendation

That the information be noted.

Committee's Recommendation (Mead/Borg)

That the Officer's Recommendation be adopted.

Council Meeting 16 July 2013 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Resolution Minute Number 152

That the Officer's Recommendation be adopted.

5. BUSINESS ASSURANCE

5.1 Audit Committee Update

Reporting Officer

General Manager

Attachments

1. Audit Committee Meeting Minutes – 26 June 2012
2. Audit Committee Meeting Minutes – 5 February 2013
3. Audit Committee Meeting Minutes – 6 May 2013

Purpose

To provide an update on the outcomes from the Internal Audit Committee meetings.

History

Council approved the establishment of an Audit Committee consisting of two independent members, the Mayor, the Deputy Mayor and the Chairperson or a member of the Corporate Governance Committee in October 2010.

The Audit Committee was formed and meets three times per year in accordance with its Charter.

Report

Detailed below are the recommendations of the Audit Committee. Council officers have reviewed the recommendations which are now presented for the consideration of Council. There are no recommendations that require an individual resolution of Council.

Audit Committee Meeting Minutes – 26 June 2012

The minutes of the Audit Committee meeting held 26 June 2012 are attached and the following were considered:

4.1 Payroll and Leave Management - Internal Audit Report

Committee's Recommendation: (Sewell/Chanthivong)

That the information contained in the Payroll and Leave Management Internal Audit Report be noted by the Audit Committee.

CARRIED

4.2 Governance Health Check Module – Code of Meeting Practice

Committees Recommendation: (Rofe/Greiss)

That the information contained in the Governance Health Check Module – Code of Meeting Practice report be noted by the Audit Committee.

CARRIED

4.3 Internal Audit and Audit Committee Annual Report

Committee's Recommendation: (Rofe/Hanrahan)

That the Audit Committee approves the annual report regarding the activities of Internal Audit and the Audit Committee for submission to the Corporate Governance Committee Meeting to be held on 21 August 2012.

CARRIED

4.4 Internal Audit Actions Log

Committee's Recommendation: (Rofe/Hanrahan)

That the Audit Committee notes the information provided in the Action Log.

CARRIED

4.5 Internal Audit Activities

Committee's Recommendation: (Tosi/Sewell)

That the Audit Committee notes the information provided in Internal Audit Activities report.

CARRIED

4.6 Proposed Audit Committee Meeting Dates

Committee's Recommendation: (Tosi/Greiss)

That the Audit Committee endorses the following dates for future Audit Committee meetings:

- Tuesday 21 August 2012
- Tuesday 26 February 2013
- Tuesday 18 June 2013

CARRIED

Audit Committee Meeting Minutes – 5 February 2013

The minutes of the Audit Committee meeting held 5 February 2013 are attached and the following were considered:

4.1 Procurement - Internal Audit Report

Committee's Recommendation: (Greiss/Hanrahan)

1. That the Audit Committee note the information provided in the Internal Audit Report on procurement.
2. That the Audit Committee continue to monitor this matter and that a further update is provided to the Audit Committee at its next meeting regarding the progress on the implementation of recommendations from the audit of procurement which was undertaken in accordance with the approved Internal Audit Plan.

CARRIED

4.2 Customer Service Cash Handling – Internal Audit Report

Committee's Recommendation: (Greiss/Mead)

That the Audit Committee note the information provided in the Internal Audit Report on Customer Service cash handling.

CARRIED

4.3 Internal Audit Actions Log

Committee's Recommendation: (Greiss/Rofe)

That the Audit Committee note the information provided in the Actions Log.

CARRIED

4.4 Status of Payroll and Leave Management Audit recommendations

Committee's Recommendation: (Rofe/Dobson)

That the Audit Committee note the information provided in the Status of Payroll and Leave Management Audit recommendations report.

CARRIED

4.5 External Audit Update

Committee's Recommendation: (Rofe/Greiss)

That the Audit Committee note the information provided in the External Audit Update report.

CARRIED

4.6 Review of Audit Committee Charter and Internal Audit Charter

Committee's Recommendation: (Greiss/Dobson)

That this matter be deferred and the revised Draft Audit Committee Charter and Draft Internal Audit Charter be resubmitted with tracked changes at the next Audit Committee meeting for consideration by the Committee.

CARRIED

4.7 Status of Internal Audit Plan

Committee's Recommendation: (Greiss/Sewell)

That the Committee note the information provided in the Internal Audit Plan report.

CARRIED

4.8 Internal Audit Activities

Committee's Recommendation: (Rofe/Mead)

That the Committee note the information provided in the Internal Audit Activities report.

CARRIED

Audit Committee Meeting Minutes – 6 May 2013

The minutes of the Audit Committee meeting held 6 May 2013 are attached and the following were considered:

4.1 Internal Audit Actions Log

Committee's Recommendation: (Rofe/Mead)

That the Audit Committee note the information provided in the Internal Audit Actions Log Report.

CARRIED

4.2 Status of Internal Audit Plan

Committee's Recommendation: (Hanrahan/Rofe)

That the Audit Committee approves:

1. That the 2012/13 Annual Internal Audit Plan be amended to postpone the Financial Delegations audit and include it in the 2013/14 plan, due to the current review of Financial Delegations, and
2. That an internal audit of the distributing of Council's Fees and Charges be added to the 2012/13 Internal Audit Plan to replace the Financial Delegations audit.

CARRIED

4.3 Internal Audit Activities

Committee's Recommendation: (Hanrahan/Rofe)

That the Audit Committee note the information provided in the Internal Audit Activities Report.

CARRIED

4.4 Other requirements of the Audit Committee Charter

Committee's Recommendation: (Mead/Dobson)

That the Audit Committee note the information provided in the other requirements of the Audit Committee Charter Report.

CARRIED

4.5 External Audit Update

Committee's Recommendation: (Mead/Rofe)

That the Audit Committee note the information provided in the External Audit Update Report.

CARRIED

4.6 Review of Audit Committee Charter and Internal Audit Charter

Committee's Recommendation: (Rofe/Hanrahan)

That the Audit Committee endorse the revised Audit Committee and Internal Audit Charters for recommendation to Council for adoption subject to the Item 6.7 'Review of Audit Committee Charter' of the Audit Committee Charter being amended as follows:

'At least once every two years, the Audit Committee will review the Audit Committee Charter. Any changes to this Charter will be recommended by the Committee and formally approved by the Council'.

CARRIED

Officer's Recommendation

That the Council adopt the Audit Committee minutes of 26 June 2012, 5 February 2013 and 6 May 2013.

Committee's Recommendation (Lake/Hawker)

That the Officer's Recommendation be adopted.

Council Meeting 16 July 2013 (Mead/Kolkman)

That the Officer's Recommendation be adopted.

Council Resolution Minute Number 152

That the Officer's Recommendation be adopted.

ATTACHMENT 1

Minutes of the Audit Committee Meeting

Held Tuesday 26 June 2012 in Committee Room 2

Meeting commenced at: 4.05pm

1. Attendance: Bruce Hanrahan, Chairperson
Robert Rofe, Independent Member
Councillor Anoulack Chanthivong, Mayor
Councillor George Greiss, Chairperson Corporate Governance Committee
Paul Tosi, General Manager
Michael Sewell, Director Business Services
Michelle McIlvenny, Manager Business Assurance
Michelle Brockwell, Internal Auditor
Jane Worden, Executive Support

Apologies: Councillor Mollie Thomas, Deputy Mayor

2. Declarations of Interest

There were no Declarations of Interest made at this meeting.

3. Minutes of the Previous Meeting (Rofe/Tosi)

That the minutes of the meeting held 8 May 2012 copies of which have been circulated be taken as read and confirmed.

CARRIED

4. Reports

4.1 Payroll and Leave Management – Internal Audit Report

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

The Internal Audit Report is a concise report of the findings and recommendations from the audit of payroll and leave management that was undertaken in accordance with the approved Internal Audit Plan.

History

The Internal Audit Plan was approved at the February 2011 Audit Committee meeting and consists of the following audits:

- Cash control/handling at off-site locations
- Section 94 revenue and expenditure
- Procurement procedures
- Payroll and leave management

Report

Attached is the Concise Report outlining the findings from the internal audit of payroll and leave management.

The audit was undertaken to assess the key controls for processing payroll and leave related transactions and for monitoring of work performed and leave taken.

The overall assessment for the audit concluded that although the critical controls expected are generally in place there were a number of significant issues identified that require improvement. Of the 29 recommendations made eight were considered to place Council in a higher than acceptable area of exposure.

Officer's Recommendation

That the Committee notes the Internal Audit Report on payroll and leave management.

Committee's Recommendation: (Sewell/Chanthivong)

That the information contained in the Payroll and Leave Management Internal Audit Report be noted by the Audit Committee.

CARRIED

4.2 Governance Health Check Module – Code of Meeting Practice

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

Objective 5 of Council's 2011-2014 Management Plan states "The right people, doing the right thing, the right way" and includes the following Corporate Performance Indicator:

Completion of adopted internal audit program (including the completion of a module of the Department of Local Government's Governance Health Check annually)

To meet this objective, Internal Audit sought advice from the Manager of Governance and Administration on the appropriate module of the Governance Health Check to review. As a result, the Code of Meeting Practice module was selected.

Report

The attached report details the findings from the review undertaken by Internal Audit of compliance by Council with the Code of Meeting Practice, a module of the Governance Health Check. In summary the audit found that Council predominantly complies with the guidelines from the Governance Health Check, with some minor recommendations for improvement made.

Many of the requirements of the module are due for renewal over the coming months (for example, review of the Code of Meeting Practice policy and refresher training). The most appropriate time to implement these requirements is after the Council election in September. The findings and recommendations in this report will therefore be a useful tool to ensure the newly elected Council are given the appropriate induction in relation to the Code of Meeting Practice.

Officer's Recommendation

That the Committee note the report.

Committee's Recommendation: (Rofe/Greiss)

That the information contained in the Governance Health Check Module - Code of Meeting Practice report be noted by the Audit Committee.

CARRIED

4.3 Internal Audit and Audit Committee Annual Report

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

To provide the Audit Committee with the proposed Annual Report on the activities of Internal Audit and the Committee for reporting to Council as required by the Audit Committee Charter.

History

The Audit Committee's Charter was approved at the 25 February 2011 Audit Committee meeting. Under section 5 of the Charter, Internal Audit, via the General Manager, is to provide a performance report for consideration to the Audit Committee annually. This report is to be included with the Committees annual report to Council.

The format of this report was approved at the Audit Committee meeting of 8 May 2012.

Report

As required by the Charter, Internal Audit is required to present an annual report to the Audit Committee on its activities. In addition, the Audit Committee is required to provide a report to Council on its activities each year. The attached report covers both Internal Audit and the Audit Committee's activities for the period. The report outlines some of the key achievements during the year including the implementation of Council's first Annual Internal Audit Plan. The report covers the period February 2011 to 30 June 2012. In future years the annual report will be for the financial year.

This Annual Report covers such areas as:

- Audit committee meeting attendance
- Internal Audit Cost
- Performance against approved Audit Plan
- Audit Committee coverage against roles and responsibilities in Charter

Officer's Recommendation

That the Committee approves the report for submission to Council at the July 2012 meeting.

Committee's Recommendation: (Rofe/Hanrahan)

That the Audit Committee approves the annual report regarding the activities of Internal Audit and the Audit Committee for submission to the Corporate Governance Committee Meeting to be held on 21 August 2012.

CARRIED

4.4 Internal Audit Actions Log

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

This Actions Log is a status update of Managements progress in implementing the recommendations from previous internal audits.

History

Internal audits are conducted in accordance with the approved annual Internal Audit Plan each year. The findings from each internal audit are reported to the Audit Committee in the form of a concise report.

A detailed audit report is also prepared for each audit and approved by the General Manager for circulation to relevant Sections. The detailed report advises the individual issues identified and their implications; recommendations for improvement; agreed target dates for implementation; and the staff member assigned responsibility for the implementation.

Report

An Actions Log was provided to the May 2012 Audit Committee which outlined Management's status update on the implementation of each individual recommendation from the *Cash Handling at Off-site Locations* internal audit.

At the meeting it was agreed to remove completed items from future status updates and to only include outstanding items in the report. A summary table showing the number of recommendations made and their status was to be included at the front of the report.

The revised format of the Actions Log is attached for consideration. The intention is to provide status updates to the Committee every six months at a minimum.

Officer's Recommendation

That the Audit Committee note the Actions Log.

Committee Note: Audit Committee members indicated to the Internal Auditor that future action log reports detailing management's progress regarding the implementation of recommendations from previous audits should include risk definitions and should also contain information within the report that identifies the overall risk category and rating for each audit.

Committee's Recommendation: (Rofe/Hanrahan)

That the Audit Committee notes the information provided in the Action Log.

CARRIED

4.5 Internal Audit Activities

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

To provide the Committee with an update on other internal audit activity.

Report

The following is a summary of other activities undertaken by Internal Audit since last reporting to the Committee.

Code of Conduct

Internal Audit assisted with the facilitation of Code of Conduct training for staff that were unable to attend the first round of the training.

Over 25 sessions were conducted from August to October 2011 with more than 470 staff having now been trained. Feedback on this training has been positive and a number of real life scenarios have generated good discussion among participants.

An e-learning package has been developed to provide the Code of Conduct refresher training to casual staff and other staff who are not easily able to attend face to face training.

Procurement audit

The fieldwork for the procurement audit is underway and it is expected that the report will be finalised in July 2012.

Other Ad hoc work

Other ad hoc work as required including:

- Commenced an ad-hoc review of fuel card usage to ensure appropriate use of cards;
- Workers compensation file reviews; and
- Commenced review of Farrow Road Local Infrastructure Loan Fund expenditure to ensure documentary evidence is available to support that spending is in line with the agreement.

Acting in Manager Business Assurance role

In both November and January the Internal Auditor was Acting Manager Business Assurance. During this time the Internal Auditor assisted with the review of the 2011-12 Annual Report, attended meetings on behalf of the Manager Business Assurance and supervised staff, as required, on day to day matters.

Training Courses/Seminars attended

To maintain continuing professional development required as a CPA, Councils Internal Auditor has attended the following training:

Course/Seminar Name	Duration (Days)	Basic Theme
Local Government Forum	1	Covered various issues affecting Council including procurement, project management, risk management and building a performing Audit Committee
Local Government Internal Audit Network quarterly conference	1	Topics discussed include managing corruption risk in procurement, Yass Valley Council viewpoint on recent ICAC investigation, and Institute of Internal Auditors update on matters affecting internal auditors in local government.
Corruption Prevention Network – Managing Corruption Risk in Government Procurement	0.25	Representatives from ICAC, NSW Health and Local Government Procurement ran sessions on how to deal with corruption risk in public sector procurement
SOPAC 2012 (South Pacific and Asia Conference held by Institute of Internal Auditors annually)	2.5	See below for details of sessions attended.
Total training/conference days:	4.75 days	

SOPAC Conference

The SOPAC conference was attended by both the Manager of Business Assurance and the Internal Auditor. A number of useful sessions were attended and topics covered over the 3 day conference include:

- governance, risk and controls;
- demystifying risk appetite specifically to assist with making risk-based decisions;
- regulatory compliance update;
- auditing emerging HR risks focusing on tips for identifying payroll fraud;
- the changing nature of assurance;
- strategic audit planning and planning the audit scope;
- enhancing the value of internal audit;
- leadership in a connected world;
- continuous monitoring and assurance;
- emerging IT risks;
- building robust governance frameworks and controls for the public sector;
- Public Interest Disclosure legislation and what it means for information controls;
- building the audit plan in a small audit shop;
- auditing supplier agreements; and
- building success with opportunity, risk and adventure.

The Manager Business Assurance also attended a half day Masterclass on Assurance Mapping.

Officer's Recommendation

That the Committee notes the report.

Committee's Recommendation: (Tosi/Sewell)

That the Audit Committee notes the information provided in Internal Audit Activities report.

CARRIED

4.6 Proposed Audit Committee Meeting Dates

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

To determine the Audit Committee meeting dates for the next twelve months.

Report

Following are suggested dates and times for Audit Committee meetings to be held over the next twelve months:

- Tuesday 21 August 2012
- Tuesday 26 February 2013
- Tuesday 18 June 2013

Officer's Recommendation

That the Committee notes the dates for future Audit Committee meetings.

Committee's Recommendation: (Tosi/Greiss)

That the Audit Committee endorses the following dates for future Audit Committee meetings:

- Tuesday 21 August 2012
- Tuesday 26 February 2013
- Tuesday 18 June 2013

CARRIED

5. General Business - Nil

The next meeting of the Committee will be held on Tuesday 21 August 2012 at 4.30pm in Committee Room 2.

**Bruce Hanrahan
Chairperson**

ATTACHMENT 2

Minutes of the Audit Committee Meeting

Held Tuesday 5 February 2013 in Committee Room 2

Meeting commenced at: 4.32pm

1. Attendance: Bruce Hanrahan, Chairperson
Robert Rofe, Independent Member
Councillor Sue Dobson, Mayor
Councillor George Greiss, Deputy Mayor
Councillor Clinton Mead, Chairperson Corporate Governance Committee
Paul Tosi, General Manager
Michael Sewell, Director Business Services
Michelle McIlvenny, Manager Business Assurance
Michelle Brockwell, Internal Auditor
Jane Worden, Executive Support

Apologies: Nil

2. Declarations of Interest

There were no Declarations of Interest made at this meeting.

3. Minutes of the Previous Meeting (Rofe/Tosi)

That the minutes of the meeting held on 26 June 2012 copies of which have been circulated be taken as read and confirmed.

CARRIED

4. Reports

4.1 Procurement - Internal Audit Report

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

The Internal Audit Report is a concise report of the findings and recommendations from the audit of procurement that was undertaken in accordance with the approved Internal Audit Plan.

History

The 2011-2012 Internal Audit Plan was approved at the February 2011 Audit Committee meeting and consists of the following audits:

- Cash control/handling at off-site locations
- Section 94 revenue and expenditure
- Payroll and leave management
- Procurement procedures

Report

Attached is the Concise Report outlining the findings from the internal audit of procurement.

The audit was undertaken to assess the key processes and controls around the procurement of goods and services. It focused on the coordination of procurement activities to assess whether goods and services are purchased at best value, meet business needs and are adequately managed to protect the interests of Council.

The overall assessment for the audit concluded that although appropriate policies and procedures exist, and staff had a good general understanding of the requirements, in many instances the evidence to support the selection of a supplier was not well documented.

Of the nine recommendations made, four were considered to place Council in a higher than acceptable area of exposure.

Officer's Recommendation

That the Committee note the Internal Audit Report on procurement.

Committee's Recommendation: (Greiss/Hanrahan)

1. That the Audit Committee note the information provided in the Internal Audit Report on procurement.
2. That the Audit Committee continue to monitor this matter and that a further update is provided to the Audit Committee at its next meeting regarding the progress on the implementation of recommendations from the audit of procurement which was undertaken in accordance with the approved Internal Audit Plan.

CARRIED

4.2 Customer Service Cash Handling – Internal Audit Report

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

The Internal Audit Report is a concise report of the findings and recommendations from the audit of Customer Service Cash Handling (including petty cash).

History

The 2012-2013 Internal Audit Plan was approved at the May 2012 Audit Committee meeting and consists of the following audits:

- Customer Service cash control/handling (including petty cash)
- Development Applications
- Financial Delegations
- Asset Management

Report

Attached is the Concise Report outlining the findings from the internal audit of Customer Service cash handling (including petty cash).

The audit was undertaken to assess the key processes and controls around cash handling by Customer Service at the Civic Centre, including the processing of petty cash. The audit focused on whether adequate and timely cash management processes are in place and assessed compliance with Councils Policies, Authorised Statements and Procedures.

The overall assessment for the audit concluded that the key controls expected are in place. Five recommendations were made for improvement, none of which were considered to be high risk.

Officer's Recommendation

That the Committee notes the Internal Audit Report on Customer Service cash handling.

Committee's Recommendation: (Greiss/Mead)

That the Audit Committee note the information provided in the Internal Audit Report on Customer Service cash handling.

CARRIED

4.3 Internal Audit Actions Log

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

This Actions Log is a status update of Managements progress in implementing the recommendations from previous internal audits.

History

Internal audits are conducted in accordance with the approved annual Internal Audit Plan each year. The findings from each internal audit are reported to the Audit Committee in the form of a concise report.

A detailed audit report is also prepared for each audit and approved by the General Manager for circulation to relevant Sections. The detailed report advises the individual issues identified and their implications; recommendations for improvement; agreed target dates for implementation; and the staff member assigned responsibility for the implementation.

Report

The attached Action Log is Management's status update on the implementation of recommendations made in internal audits performed to date. It includes a summary table showing the number of recommendations already implemented and a detailed progress update on recommendations that are outstanding.

Note that recommendations stemming from the Payroll and Leave Management audit are not included in this Actions Log. A separate report has been provided at 4.4 detailing the overall progress in implementing the Payroll and Leave Management audit recommendations.

Officer's Recommendation

That the Committee note the Actions Log.

Committee's Recommendation: (Greiss/Rofe)

That the Audit Committee note the information provided in the Actions Log.

CARRIED

4.4 Status of Payroll and Leave Management Audit recommendations

Reporting Officer

Manager Business Assurance – Michelle McIlvenny

Purpose

To provide the Audit Committee with an update on progress in implementing the recommendations from the internal audit of payroll and leave management.

History

Internal Audit conducted an audit of payroll and leave management. Internal Audit found that there were a number of significant issues that require improvement. Of the 29 recommendations made, eight were considered to place Council in a higher than acceptable level of exposure.

At the last Audit Committee meeting it was advised that Management would keep the Committee up to date on what steps were being taken to implement the recommendations from the audit. This report is prepared to provide the Committee with a status report.

Report

A number of activities have commenced since the audit findings were finalised. Council's Internal Auditor provided a briefing to the monthly MANEX meeting (Managers and Executive) on the findings of the audit and the areas requiring improvement.

Memorandums were provided and discussed with Managers outlining the findings for their Section and key recommendations.

The General Manager, Director Business Services and representatives from Business Assurance, Human Resources and Financial Services met to determine the best way forward for implementing the recommendations. It was agreed that a Payroll and Leave Management Working Group be formed and structured with representatives from key stakeholders as follows:

- Manager Business Assurance (to project manage the activities of the group)
- Manager Human Resources
- Manager Financial Services (ie payroll)
- Manager Education and Care Services (to represent end users of the systems, policies and procedures).

Consultation would also occur across other areas of Council to ensure any new solutions were viable.

The Working Group has met regularly to review the recommendations and translate them into tangible actions. Some actions are easily implemented as they are simple to fix and others are longer term. The attached report details the progress to date with the implementation of the recommendations.

The status of the implementation of the 29 recommendations is:

- 8 recommendations are completed
- 13 are on track for completion by the agreed date
- 8 are either partially complete or will be partially complete by the due date. Revised target dates for completion have been established.

The Audit Committee will continue to be briefed on the progress of the Working Group and implementation of the recommendations.

Officer's Recommendation

That the Audit Committee note the report.

Committee's Recommendation: (Rofe/Dobson)

That the Audit Committee note the information provided in the Status of Payroll and Leave Management Audit recommendations report.

CARRIED

4.5 External Audit Update

Reporting Officer

Director Business Services – Michael Sewell

Purpose

To provide the Committee with an update on the second interim audit and the year-end financial statement audit conducted by Council's external auditors for the year ending 30 June 2012.

Report

In June 2012, the Morse Group Accountants and Advisors completed their second interim review of Council's operations. The attached report outlines the scope of their second interim visit and the findings and recommendations as a result of their review.

During August 2012, the Morse Group Accountants and Advisors conducted their statutory audit of the financial statements of Council for the year ended 30 June 2012. In the auditor's opinion:

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2;
- the Council's financial statements have been prepared in accordance with the requirements of this Division, are consistent with the Council's accounting records, presents fairly the Council's financial position, the results of its operations and cash flows and is in accordance with applicable Australian Accounting Standards;
- all information relevant to the conduct of the audit has been obtained; and
- there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.

Council held its annual general meeting on 2 October 2012 where the financial statements were presented to Council. As required by the Act, the financial statements and the auditors report were also provided to the Division of Local Government by the due date of 7 November 2012.

Officer's Recommendation

That the Committee notes the report.

Committee's Recommendation: (Rofe/Greiss)

That the Audit Committee note the information provided in the External Audit Update report.

CARRIED

4.6 Review of Audit Committee Charter and Internal Audit Charter

Reporting Officer

Internal Auditor - Michelle Brockwell

Purpose

The Audit Committee is required to review the Audit Committee Charter and the Internal Audit Charter every two years. Changes to the Internal Audit Charter are to be approved by the Committee and changes to the Audit Committee Charter are to be recommended to Council for approval.

History

The Audit Committee approved the Audit Committee Charter and the Internal Audit Charter at its inaugural committee meeting held in February 2011. Under the current Audit Committee Charter, and as recommended by the *Internal Audit Guidelines* issued by the Division of Local Government under Section 23A of the *Local Government Act 1993*, both Charters are to be reviewed at a minimum every two years.

Report

The attached Draft Audit Committee Charter and Internal Audit Charter have been prepared after considering the following guidelines and best practice papers:

- *Internal Audit Guidelines* issued September 2010 by the Division of Local Government (Guidelines for NSW local government) which must be 'considered'.
- Treasury Policy Paper TPP 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector* issued August 2009 (mandated practice for NSW state government).
- *Public Sector Internal Audit Better Practice Guide* issued by the Australian National Audit Office in September 2012.

A number of changes have been made to both Charters as a result of the review. Some of the changes are purely cosmetic and/or provide more detail on practices already included in the current Charters. The size and complexity of Council was also considered when determining whether to incorporate the various better practice guidelines into the revised Charters. The guidelines were incorporated into the Charters where it was considered appropriate and are subject to acceptance of the Committee.

The *Internal Audit Guidelines* recommend an Audit Committee structure that consists of a majority of independent members. A review of the current structure of the Audit Committee and the suggested membership recommended by the Guidelines is intended to be performed in conjunction with the next Mayoral election.

Officer's Recommendation

1. That the Committee approves the revised Audit Committee Charter for recommendation to Council for adoption.
2. That the Committee approves the revised Internal Audit Charter.

Committee's Recommendation: (Greiss/Dobson)

That this matter be deferred and the revised Draft Audit Committee Charter and Draft Internal Audit Charter be resubmitted with tracked changes at the next Audit Committee meeting for consideration by the Committee.

CARRIED

4.7 Status of Internal Audit Plan

Reporting Officer

Internal Auditor - Michelle Brockwell

Purpose

To provide an update of internal audit work completed and to provide the timetable for future audits.

History

The Audit Committee approved the 2011-2012 Annual Internal Audit Plan in February 2011 and approved the 2012-2013 Annual Internal Audit Plan in May 2012. A number of the scheduled audits have been completed or are in progress. A summary of the status of the planned audits has been developed to allow the Audit Committee to effectively monitor compliance with the Plan.

Report

The attached report outlines the status of individual audits approved as part of the Internal Audit Plans for 2011-2012 and 2012-2013. The four audits and one governance health check from the 2011-2012 Plan are complete and the first audit from the 2012-2013 Plan is also complete.

Officer's Recommendation

That the Committee notes the report.

Committee's Recommendation: (Greiss/Sewell)

That the Committee note the information provided in the Internal Audit Plan report.

CARRIED

4.8 Internal Audit Activities

Reporting Officer

Internal Auditor – Michelle Brockwell

Purpose

To provide the Committee with an update on other internal audit activity.

Report

The following is a summary of other activities undertaken by Internal Audit since last reporting to the Committee.

Payroll and Leave Management Audit memorandums and meetings

As an extension of the payroll and leave management internal audit, memorandums were prepared and provided to each Section Manager outlining the audit findings as they relate to each Section. This included the provision of statistics for each Section on flex and annual leave accruals and sick leave taken. In addition, meetings were held with those Managers that had more significant issues result from the audit.

This method of reporting was seen as a value adding exercise to ensure that appropriate Sections of Council were well informed of issues that relate to their Sections.

Strategic Audit Planning

Internal Audit has commenced implementation of an approach for the development of the first Strategic Internal Audit Plan of Council. The intention is to develop a three year rolling Plan based on an assessment of potential risks facing Council.

Without a mature Enterprise Risk Management framework in place, the approach being applied is to meet individually with the Executive and all Managers to discuss the perceived risks facing their sections and Council as a whole. A review will also be conducted of industry wide risks via liaison with the Local Government Internal Audit Network and a review of legislative compliance requirements.

The intention is to develop a three year Strategic Audit Plan for the period July 2013 to June 2016 to be presented to a future Audit Committee meeting. Meetings with Managers have commenced and will continue over the coming months.

Other Ad-hoc work

Other ad-hoc work as required including:

- acting as the probity adviser on Councils domestic waste collection tender
- review of workers compensation payment calculations
- checking of childcare staff attendance records
- continued review of Farrow Road Local Infrastructure Loan Fund expenditure to ensure documentary evidence is available to support that spending is in line with the agreement.
- commenced development of draft procedures for conducting an internal audit to form part of an Internal Audit Manual for Council
- reviewed and summarised reports from authoritative bodies (for example ICAC Operation Jarek report on corruption across Councils in relation to gifts and procurement, and Audit Office of NSW performance report on monitoring local government).

Training Courses/Seminars attended

To maintain continuing professional development required as a CPA, Councils Internal Auditor has attended the following training:

Course/Seminar Name	Duration (Days)	Basic Theme
Local Government Forum	1	Covered various issues affecting Council including GIPA requirements, procurement and corruption risks, Audit Committee best practice and Integrated Planning and Reporting.

ATTACHMENT 3

Minutes of the Audit Committee Meeting

Held Monday 6 May 2013 in Committee Room 2

1. Attendance: Bruce Hanrahan, Chairperson
Robert Rofe, Independent Member
Councillor Sue Dobson, Mayor
Councillor George Greiss, Deputy Mayor (arrived at 4.45pm)
Councillor Clinton Mead, Chairperson Corporate Governance Committee
Paul Tosi, General Manager
Michael Sewell, Director Business Services
Michelle McIlvenny, Manager Business Assurance
Michelle Brockwell, Internal Auditor
Jane Worden, Executive Support

Apologies: Nil

2. Declarations of Interest

There were no Declarations of Interest made at this meeting.

3. Minutes of the Previous Meeting (Rofe/Dobson)

That the minutes of the meeting held on 5 February 2013 copies of which have been circulated be taken as read and confirmed.

CARRIED

4. Reports

4.1 Internal Audit Actions Log

Reporting Officer

Internal Auditor

Purpose

The Actions Log is a report on the status of Management's progress in implementing the recommendations from previous internal audits.

History

Internal audits are conducted in accordance with the approved annual Internal Audit Plan each year. The findings from each internal audit are reported to the Audit Committee in the form of a concise report.

A detailed audit report is also prepared for each audit and approved by the General Manager for circulation to relevant Sections. The detailed report advises the individual issues identified and their implications; recommendations for improvement; agreed target dates for implementation; and the staff member assigned responsibility for the implementation.

Report

The attached Action Log is Management's status update on the implementation of recommendations made in internal audits performed to date. It includes a summary table showing

the number of recommendations already implemented and a detailed progress update on recommendations that are outstanding.

Officer's Recommendation

That the Committee notes the Actions Log.

Committee's Recommendation: (Rofe/Mead)

That the Audit Committee note the information provided in the Internal Audit Actions Log Report.

CARRIED

4.2 Status of Internal Audit Plan

Reporting Officer

Internal Auditor

Purpose

To provide an update to the Audit Committee on the internal audit work recently completed and a revised plan for the remainder of the 2012/13 internal audits.

History

The Audit Committee approved the 2012/13 Annual Internal Audit Plan in May 2012.

Report

The attached report outlines the status of individual audits approved as part of the Internal Audit Plan for 2012/13.

As indicated to the Committee at the previous meeting the Customer Service Cash Handling audit has been completed.

The fieldwork for Development Applications audit continues, with the audit tool developed by ICAC being used to assess Council's procedures. As part of the review, 15 staff have been interviewed to gain an understanding of the systems, processes and any issues with the process. Testing of the development application assessment data has also commenced. The completion of this audit has been slower than anticipated due to a number of factors, including the complexity of the application process.

The Financial Delegations audit has not commenced. Council is currently reviewing all financial delegations particularly the amount and relevance of the delegation. This review is extensive and will include the reduction and removal of a number of financial delegations that have been deemed not necessary. It is suggested that the Financial Delegations audit scheduled for 2012/13 be moved to the 2013/14 Annual Internal Audit Plan, to allow sufficient time for any new delegations to be actioned.

It is suggested that the Financial Delegations audit be replaced by an audit of the distribution of a selection of Council's Fees and Charges. There is currently a \$10,000 budget allocation for external assistance with internal audits. It is suggested that this budget allocation be used to engage a data mining specialist to undertake a forensic analysis of the data for Fees and Charges distribution.

The Asset Management audit has not commenced. Council is currently completing a review of the main system for Asset Management, Conquest. This audit will be scoped in the coming months with this review in mind.

It is suggested that a module of the Governance Health Check not be completed this financial year as Council's Governance and Administration Team are currently reviewing Council practices against the Health Check which will result in the development of a Governance Improvement Plan.

Officer's Recommendation

That the Committee approves:

1. That the 2012/13 Annual Internal Audit Plan be amended to postpone the Financial Delegations audit and include it in the 2013/14 plan, due to the current review of Financial Delegations.
2. That an internal audit of the distributing of Councils Fees and Charges be added to the 2012/13 Internal Audit Plan to replace the Financial Delegations audit.

Committee's Recommendation: (Hanrahan/Rofe)

That the Audit Committee approves:

1. That the 2012/13 Annual Internal Audit Plan be amended to postpone the Financial Delegations audit and include it in the 2013/14 plan, due to the current review of Financial Delegations, and
2. That an internal audit of the distributing of Council's Fees and Charges be added to the 2012/13 Internal Audit Plan to replace the Financial Delegations audit.

CARRIED

4.3 Internal Audit Activities

Reporting Officer

Internal Auditor

Purpose

To provide the Committee with an update on other internal audit activity.

Report

The following is a summary of other activities undertaken by Internal Audit since the last report to the Committee.

Strategic Audit Planning

Internal Audit has continued the development of the first Strategic Internal Audit Plan. The intention is to develop a three year rolling Plan based on an assessment of potential risks facing Council.

Meetings with all Managers regarding their perception of the risks to Council and areas for potential audit were conducted. Meetings with the Executive team have commenced and will continue over the coming months.

The three year Strategic Audit Plan for the period July 2013 to June 2016 will be presented to a future Audit Committee meeting.

Other Ad-hoc work

Other ad-hoc work as required including:

- acting as the probity adviser on Councils domestic waste collection tender including attendance at all evaluation and review panel meetings and preparation of a probity report.

Training Courses/Seminars attended

Since the previous report, in continuing the required professional development as a CPA, Councils Internal Auditor attended the Local Government Internal Audit Network quarterly conference. The themes presented included; Revised Model Code of Conduct, Enterprise Risk Management, Integrated Planning and Reporting and internal audit.

Officer's Recommendation

That the Committee notes the report.

Committee's Recommendation: (Hanrahan/Rofe)

That the Audit Committee note the information provided in the Internal Audit Activities Report.

CARRIED

4.4 Other requirements of the Audit Committee Charter

Reporting Officer

Internal Auditor

Purpose

This report provides an update on a number of activities required to be noted by the Audit Committee as part of their roles and responsibilities under the Audit Committee Charter.

History

In addition to the monitoring of the Internal Audit program, the Audit Committee has a number of other roles and responsibilities outlined in the Audit Committee Charter. As a result, additional items will be reported to the Audit Committee from time to time.

Report

The following information provides an update on a number of Council activities required to be monitored by the Audit Committee under its Charter.

The exercising of delegations

Council has recently adopted to delegate certain functions to the General Manager and work has now commenced on sub delegating functions, as required. This delegations register is a priority and is currently being finalised. In addition, an annual review of Council's delegations register is now included in the relevant areas Section Business Plan.

Noting the contents of the annual report

The 2011/2012 Annual Report was structured to address the objectives, strategies and projects outlined in Council's 2011-2014 Management Plan. The report was submitted to the Division of

Local Government by the statutory deadline of 30 November 2012 and is available for review at Campbelltown City Council's website.

Officer's Recommendation

That the Committee note the report.

Committee's Recommendation: (Mead/Dobson)

That the Audit Committee note the information provided in the other requirements of the Audit Committee Charter Report.

CARRIED

4.5 External Audit Update

Reporting Officer

Director Business Services

Purpose

To provide the Committee with Council's external auditors (Morse Group) *Report on the Interim Audit*, for the year ending 30 June 2013.

Report

In February 2013, the Morse Group Accountants and Advisors completed their first interim review of Council's operations. The attached report outlines the scope of their first interim visit and the findings and recommendations as a result of their review.

The auditors identified one medium risk area and two low risk areas. In short the matters related to:

- Sundry Debtors Reconciliations (Medium Risk) – Appropriate signatures not being completed on the reconciliation forms and inability to locate two months' worth of reconciliations. Management have spoken with the relevant staff to mitigate the failure of this control in the future.
- Plant Budgets (Low Risk) – Budgets for total plant usage and costs is completed, however this is not available for individual plant items. The use of plant is currently under review by the General Manager.
- Voided receipts (Low Risk) – Voids are being used to conduct enquiries or checking information. Retraining of staff in appropriate procedures is being developed and will be conducted.

All matters are actively actioned by the relevant area within Council.

Officer's Recommendation

That the Committee notes the report.

Committee's Recommendation: (Mead/Rofe)

That the Audit Committee note the information provided in the External Audit Update Report.

CARRIED

4.6 Review of Audit Committee Charter and Internal Audit Charter

Reporting Officer

Internal Auditor

Purpose

The Audit Committee is required to review the Audit Committee Charter and the Internal Audit Charter every two years. Changes to the charters are to be endorsed by the Committee and recommended to Council for approval.

Report

At the February 2013 Audit Committee meeting, draft revised Audit Committee and Internal Audit Charters were provided to the Committee for consideration. It was agreed at the meeting that prior to finalising the Charters; a briefing be given to Council outlining changes to the charters and a "tracked changes" versions of both charters be provided to the Audit Committee at its next meeting.

A briefing of Council was held on 30 April 2013 to advise them of the key changes in both charters. No issues were raised by the Council.

Attached are copies of "tracked changes" version of both charters.

Officer's Recommendation

That the Committee endorses the revised Audit Committee and Internal Audit Charters for recommendation to Council for adoption.

Committee's Recommendation: (Rofe/Hanrahan)

That the Audit Committee endorse the revised Audit Committee and Internal Audit Charters for recommendation to Council for adoption subject to the Item 6.7 'Review of Audit Committee Charter' of the Audit Committee Charter being amended as follows:

"At least once every two years, the Audit Committee will review the Audit Committee Charter. Any changes to this Charter will be recommended by the Committee and formally approved by the Council".

CARRIED

5. General Business

5.1 Next Meeting of the Audit Committee

The Committee collectively discussed the proposed dates for the next Audit Committee meeting and it was agreed that the next meeting of the Audit Committee is to be held on Monday 17 June 2013 at 5.00pm in Committee Room 2 of Council's Civic Centre building.

Committee's Recommendation: (Hanrahan/Rofe)

That the next meeting of the Audit Committee be held on Monday 17 June 2013 at 5.00pm in Committee Room 2.

CARRIED

Bruce Hanrahan
Chairperson

Meeting concluded at 5.04pm

6. HUMAN RESOURCES

No reports this round

7. INFORMATION MANAGEMENT AND TECHNOLOGY

No reports this round

8. GENERAL BUSINESS

Nil.

Confidentiality Motion: (Kolkman/Mead)

That the Committee in accordance with Section 10 of the *Local Government Act 1993*, move to exclude the public from the meeting during discussions on the items in the Confidential Agenda, due to the confidential nature of the business and the Committee's opinion that the public proceedings of the Committee would be prejudicial to the public interest.

CARRIED

21. CONFIDENTIAL ITEMS

21.1 Confidential Report Directors of Companies

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business
-

21.2 Deed of Agreement - Culverston Road, Minto

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

21.3 Grant of Easement to Endeavour Energy - Manooka Reserve

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(c) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following: -

- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

21.4 Land Acquisition - 47 Glenfield Road, Glenfield

Reason for Confidentiality

This report is **CONFIDENTIAL** in accordance with Section 10A(2)(b) of the *Local Government Act 1993*, which permits the meeting to be closed to the public for business relating to the following: -

- (b) the personal hardship of any resident or ratepayer.

There being no further business the meeting closed at 5.54pm.

C Mead
CHAIRPERSON
