

CITY OF WEST TORRENS



MINUTES

of the

AUDIT AND RISK PRESCRIBED COMMITTEE

Members: Councillor A Mangos (Presiding Member),
Councillor J Woodward, Mr R Haslam, Ms E Moran, Mr S Spadavecchia.

of the

CITY OF WEST TORRENS

held in the Mayor's Reception Room, Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

MONDAY, 17 OCTOBER 2016
at 6.00pm

Terry Buss
Chief Executive Officer

City of West Torrens Disclaimer

Please note that the contents of this Committee Minutes have yet to be considered by Council and recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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1 MEETING OPENED

The Presiding Member declared the meeting open at 6.00pm.

1.1 Evacuation Procedure

The evacuation procedure was taken as read.

2 PRESENT

Committee Members:

Cr A Mangos (Presiding Member)

Cr J Woodward

Mr R Haslam

Ms E Moran

Mr S Spadavecchia

Officers:

Mr T Buss (Chief Executive Officer)

Ms P Koritsa (General Manager Business and Community Services)

Mr C James (General Manager Corporate and Regulatory - Acting)

Mr N Biggs (Manager Financial Services)

Ms E Pollard (Manager People and Culture)

Mr D Whicker (Manager Business Services - Acting)

Ms L Gilmartin (Finance Coordinator)

In attendance:

Ms Linh Dao (BDO)

Mr Geoff Edwards (BDO)

Mr David Powell (Galpins)

Mr Tim Mulhausler (Galpins)

3 APOLOGIES

Nil

4 DISCLOSURE STATEMENTS

Nil

5 CONFIRMATION OF MINUTES

RECOMMENDATION

That the Minutes of the meeting of the Audit and Risk Committee held on 20 July 2016 be confirmed as a true and correct record.

COMMITTEE DECISION

MOVED Ms Moran SECONDED Mr Haslam that the recommendation be adopted.

CARRIED

6 COMMUNICATION BY THE CHAIRPERSON

The Presiding Member advised that the term of the current Elected Members to the Committee expires on 30 November 2016 and that Council, at its 18 October 2016 meeting, would be appointing the Elected Members to the Committee from 1 December 2016 to the end of the term of Council.

The Presiding Member thanked the Independent Members, Chief Executive Officer, staff and internal and external auditors for their support and input into the Committee.

7 PRESENTATIONS

Nil

8 OUTSTANDING REPORTS / ACTIONS

8.1 Open Actions Update

This report presented an update on the current status of open actions from previous meetings of the Audit and Risk Committee.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that it notes the status of current open actions.

COMMITTEE DECISION

MOVED Ms Moran SECONDED Mr Spadavecchia that the recommendation be adopted.

CARRIED

8.2 Work Health Safety Training and Induction Program

This report presented details on the progress of the non-conformances and the initial analysis of the gaps in the Work Health Safety and Injury Management Plan 2014-2017 in relation to training.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that this report be received.

COMMITTEE DECISION

MOVED Cr Woodward SECONDED Mr Haslam that the recommendation be adopted.

CARRIED

MOTION

MOVED Ms Moran SECONDED Mr Haslam that Agenda Items 9.3.1, 9.3.2, 9.3.3 and 9.3.4 be brought forward from Reports of the Chief Executive Officer, following Item 8.2 Work Health Safety Training and Induction Program, for consideration at this point in the meeting to accommodate discussion on the Internal Audit Reports given the contract internal auditors from Galpins were present at the meeting.

CARRIED

8.3 Item 9.3.1 - 2016-17 Internal Audit Program Update Brought Forward for Consideration at this Point in the Meeting

This report presented a status update of the 2016-17 Internal Audit Program.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the status update of the *2016-17 Internal Audit Program* be received.

COMMITTEE DECISION

MOVED Cr Woodward SECONDED Mr Haslam that the recommendation be adopted.

CARRIED

8.4 Item 9.3.2 - Probity Audit of Sale of St Martins Brought Forward for Consideration at this Point in the Meeting

This report presented the outcomes of the probity audit of the sale of St Martins Aged Care Facility.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the outcomes of the probity audit of the sale of St Martins Aged Care Facility be noted.

David Powell from Galpins gave an overview of the audit methodology and findings.

COMMITTEE DECISION

MOVED Cr Woodward SECONDED Ms Moran that the recommendation be adopted.

CARRIED

Agreed Actions

The Chief Executive Officer agreed to update the Sales and Disposal of Assets Council Policy to take account of the findings of the Probity Audit of the Sale of St Martins.

8.5 Item 9.3.3 - Lease and Licence Management Internal Audit Brought Forward for Consideration at this Point in the Meeting

This report presented the results of the Lease and Licence Management Review internal audit.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that this report be received.

COMMITTEE DECISION

MOVED Mr Haslam SECONDED Cr Woodward that the recommendation be adopted.

CARRIED

8.6 Item 9.3.4 - Dog and Cat Management Board 2015/16 Financial Audit Brought Forward for Consideration at this Point in the Meeting

This report presented the results of the Dog and Cat Management 2015/16 Financial Audit undertaken by the Dog and Cat Management Board.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the outcomes of the Dog and Cat Management 2015/16 Financial Audit be received.

COMMITTEE DECISION

MOVED Mr Haslam SECONDED Cr Woodward that the recommendation be adopted.

CARRIED

9 REPORTS OF THE CHIEF EXECUTIVE OFFICER

9.1 Financial Reporting and Sustainability

9.1.1 Financial Reporting

This report listed those finance related reports which were considered by Council between 20 July 2016 and 4 October 2016.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the report be received.

COMMITTEE DECISION

MOVED Mr Haslam SECONDED Mr Spadavecchia that the recommendation be adopted.

CARRIED

9.2 Internal Controls and Risk Management Systems

9.2.1 Gifts and Benefits Register 2015-2016

This report presented those declarations made in accordance with the requirements of both the Code of Conduct for Council Members and the Code of Conduct for Council Employees for the period 1 July 2015 to 30 June 2016.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that this report be received.

COMMITTEE DECISION

MOVED Mr Haslam SECONDED Ms Moran that the recommendation be adopted.

CARRIED

9.2.2 Annual Strategic Risk Review 2016-2017

This report presented the results of the 2016-2017 Annual Strategic Risk Review.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that the 2016-2017 Annual Strategic Review be received.

COMMITTEE DECISION

MOVED Ms Moran SECONDED Mr Haslam that the recommendation be adopted.

CARRIED

Agreed Actions

The Chief Executive Officer agreed to review the risk ratings of the Strategic Risks 3 and 4 and the impact of the findings of the recent internet security audit on Strategic Risk 8.

9.2.3 LGA Mutual Liability Scheme - Risk Profile Review Data Report

The report presented a summary from the 2016 LGA Mutual Liability Scheme (the Scheme) risk profile review.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee the report be received.

COMMITTEE DECISION

MOVED Cr Woodward SECONDED Mr Haslam that the recommendation be adopted.

CARRIED

9.3 Internal Audit

9.3.1 2016-17 Internal Audit Program Update

This item was considered following Item 8.2 Work Health Safety Training and Induction Program (refer Item 8.3 in these minutes).

9.3.2 Probity Audit of Sale of St Martins

This item was considered following Item 8.2 Work Health Safety Training and Induction Program (refer Item 8.4 in these minutes).

9.3.3 Lease and Licence Management Internal Audit

This item was considered following Item 8.2 Work Health Safety Training and Induction Program (refer Item 8.5 in these minutes).

9.3.4 Dog and Cat Management Board 2015/16 Financial Audit

This item was considered following Item 8.2 Work Health Safety Training and Induction Program (refer Item 8.6 in these minutes).

9.4 External Audit

9.4.1 Annual Financial Statements - Year Ended 30 June 2016

This report proposed that the Audit and Risk Committee review the annual financial statements of the Council for the year ended 30 June 2016 to ensure that they present fairly the state of affairs of the Council.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that:

1. In accordance with Regulation 22(5) of the *Local Government (Financial Management) Regulations 2011*, it be noted that a draft unsigned statement has been received from Geoff Edwards, Partner of BDO, certifying his independence.
2. In accordance with Section 126(4)(a) of the *Local Government Act 1999*, the annual financial statements as contained in Attachment 1 of the agenda report be reviewed, and on being satisfied that they present fairly the state of affairs of the Council, they be referred to BDO for finalisation and the provision of an independent audit opinion.
3. In accordance with Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*, the Chief Executive Officer and Presiding Member of the Audit and Risk Committee sign the statement contained in Attachment 1 of the agenda report certifying that the Council has not engaged BDO to provide any services outside of the scope of their function as external auditor.
4. It be recommended to Council that the Chief Executive Officer and Principal Member be authorised to certify the annual financial statements in their final form pursuant to the requirements of Regulation 14(g) of the *Local Government (Financial Management) Regulations 2011*.

COMMITTEE DECISION

MOVED Ms Moran SECONDED Mr Haslam that

1. In accordance with Regulation 22(5) of the *Local Government (Financial Management) Regulations 2011*, it be noted that a draft unsigned statement has been received from Geoff Edwards, Partner of BDO, certifying his independence.
2. In accordance with Section 126(4)(a) of the *Local Government Act 1999*, the Audit and Risk Committee having revised the annual financial statement is satisfied that they present fairly the state of affairs of the Council, and accordingly they be referred to BDO for finalisation and the provision of an independent audit opinion.
3. In accordance with Regulation 22(3) of the *Local Government (Financial Management) Regulations 2011*, the Chief Executive Officer and Presiding Member of the Audit and Risk Committee sign the statement contained in Attachment 1 of the agenda report certifying that the Council has not engaged BDO to provide any services outside of the scope of their function as external auditor.
4. It be recommended to Council that the Chief Executive Officer and Principal Member be authorised to certify the annual financial statements in their final form pursuant to the requirements of Regulation 14(g) of the *Local Government (Financial Management) Regulations 2011*.

CARRIED

9.4.2 BDO Audit Completion Report

This report presented the Audit Completion Report from Council's external auditors for the financial year ending 30 June 2016.

RECOMMENDATION(S)

It is recommended to the Audit and Risk Committee that this report be received.

COMMITTEE DECISION

MOVED Mr Haslam SECONDED Ms Moran that the recommendation be adopted.

CARRIED

Mr Geoff Edwards presented an overview of BDO's Audit Completion Report to the Committee.

9.5 Committee Performance and Reporting

MOTION

MOVED Mr Haslam SECONDED Mr Spadavecchia that thanks be extended to the staff for the diligent preparation of the 2015/2016 Financial Statements.

CARRIED

10 CONFIDENTIAL

10.1 Information Services Security Audit

Reason for Confidentiality

The Council is satisfied that, pursuant to Section 90(3)(e) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is information that relates to and the security of the Council because the matter provides the outcomes of an audit into the vulnerabilities within Council's public internet and, as such, disclosure is contrary to the public interest.

RECOMMENDATION(S)

It is recommended to Audit and Risk Committee that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, Council orders, that the public, with the exception of the Chief Executive Officer, General Manager Business and Community Services, General Manager Corporate and Regulatory (Acting), Manager Business Services (Acting), Mr Geoff Edwards (BDO), Ms Linh Dao (BDO) and Mr Tim Mulhausler (Galpins) be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 10.1 Information Services Security Audit attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Sections 90(3)(e) because that report deals with matters affecting the security of Council on the basis that the information contained in the report and attachments contains information related to an audit of the level of vulnerability within Council's public internet perimeter and disclosure would severely expose and subsequently compromise the security of information contained in Council's information technology networks to the detriment of both Council and the public and, as such, is contrary to the public interest.
2. At the completion of the confidential session the meeting be re-opened to the public.

COMMITTEE DECISION

MOVED Cr Woodward SECONDED Mr Spadavecchia that the recommendation be adopted.

CARRIED

8.10pm the meeting moved into Confidence.

Audit and Risk Committee also resolved that:

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Committee orders that the report relating to the Information Services Security Audit, the Minutes arising from the report item number and title), attachments and any associated documentation, having been considered by the Audit and Risk Committee in confidence under Section 90(3)(e), be kept confidential and not available for public inspection for a period of 10 years from the date of this meeting, on the basis that the information received, discussed and considered in relation to this agenda item is information, the disclosure of which would severely expose and compromise the security of Council's information technology networks and the information contained within it to the detriment of Council and the public and, as such, is contrary to the public interest.
2. The Committee recommends to Council that it delegates the power of review, but not the extension, of the confidential order to the Chief Executive Officer on a monthly basis in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

Note: The Confidential Minutes are kept separately from this document.

8.19pm the confidential session closed and the meeting reopened to the public.

11 OTHER BUSINESS

Nil

13 NEXT MEETING

14 February 2017, 6.00pm in the Mayor's Reception Room. To be ratified by Council at its 18 October 2016 meeting.

14 MEETING CLOSE

The Presiding Member declared the meeting closed at 8.20pm.