1. Present
   Mr Terry Bunn, Chairperson
   Mr Geoff Steel
   Mr Roger Fitzgerald
   Cr Ann Mawhinney
   In Attendance:
   Ms Leanne Barnes, General Manager
   Ms Nina Churchward, Executive Officer Organisation Development and Governance
   Mr Lucas Scarpin, Group Manager Strategy and Business Services
   Mr Peter Jones, Risk & Internal Audit Coordinator

Meeting opened at 12.34 pm

2. Apologies
   Nil

3. Confirmation of Minutes
   Item 5.4 – Geoff Steel noted he would be following up on valuations and assessments.

   RESOLVED on the motion of Mr Steel and Cr Mawhinney
   That the Minutes of the Internal Audit Committee Meeting held on 27 November 2014 as circulated, be taken as read and confirmed.
   CARRIED unanimously

Pecuniary Interest
Mr Roger Fitzgerald declared a Pecuniary Interest regarding Item 4.2 Audit and Status Report (and attachment No 2) on the basis he has an association with the report authorising firm. A signed disclosure form was tabled for inclusion in the register, noting he would depart the meeting room taking no part in debate of voting on this matter.

4. General Business

4.1 Audit Plan Review
   Mr Jones spoke to his Audit Plan review in regard to the “heat map” as a method of determining the priority of audits to be undertaken. A table in the report outlines the proposed audit activities and timeframes.

   The IAC members were provided with clarification on a number of questions regarding the scope of various audits and the IAC involvement/responsibility.
Emerging operational risks: Accounts Receivable (Page 9)
Mr Steel queried the inclusion of this item, noting the last report showed an improvement in this area. The IAC was advised that due to some changes in staff and processes, accounts receivable operations would be reviewed to ensure controls were in place and working. Items in this area were on the basis of a proactive, rather than reactive approach to internal audits. It was noted that the document would be reviewed on a regular basis.

RESOLVED on the motion of Mr Steel and Mr Fitzgerald
That the Internal Audit Committee note the Audit Plan.
CARRIED

4.2 Audit Status and Reports

Pecuniary Interest
Mr Roger Fitzgerald declared a Pecuniary Interest regarding Item 4.2 Audit and Status Report (and attachment No 2) on the basis he has an association with the report authorising firm. He departed the meeting room taking no part in debate of voting on this matter.

Mr Jones reported on the completed activities:
- IM/IT Governance, Information Technology, Information Management
- Contract Management
- Tendering
- Delegations
- Payroll
- Fringe Benefits Tax

The Waste Management audit was deferred until the Environmental Protection Agency (EPA) audit has been completed.
The following elements will be considered in environmental assessment:
- Sensitivity of the surrounding environment;
- Types and quantities of wastes received, stored and/or disposed at the facility;
- Presence or absence of management controls at the facility; and
- Measures to minimise the likelihood of emissions to the environment.

Mr Jones summarised the proposed process for reporting to the IAC on the status of Audits moving forward from July 2015.

Mr Steel requested a regular review of completed audits to ensure actions that were outcomes of past audits are in place and continuing.
It was requested that a criteria be developed on assessing the audits, a list of those audit actions that required reviewing, and a suggested process for providing the information be developed by the IAC members and provided to Mr Jones.

Open Past Due Audits (Page 13)
Mr Steel asked if any items listed were of concern.
Mr Jones advised these items were related to the project management.

Discussion took place in regard to the audits undertaken:
- Payroll Review – RSM Bird Cameron
Noted that the report and actions have been accepted by BVSC and that actions are being implemented.
Agreed that the IAC receive a progress report on the implementation of controls at a future meeting.
- Bega Valley Shire Council Fringe Benefit Tax (FBT) Review Report – RSM Bird Cameron
 Noted that the report was a “snapshot” in time and that the risks were in relation to documentation of the processes, policies and procedures.
Agreed that the IAC receive a progress report on the implementation of controls at a future meeting.

Agreed
1. That the Internal Audit Committee notes the findings of the attached audits and the progress of agreed action items.
2. That the IAC receive a progress report on the implementation of controls at a future meeting.

ABSENT: Mr Roger Fitzgerald

Mr Fitzgerald returned to the meeting room

It was agreed to hear Item 4.4 prior to Item 4.3 to allow Mr Scarpin to attend his next meeting scheduled for 2.00 pm the proposed closure time for the Internal Audit Committee.

4.4 Cross Functional Teams

Procurement Review
Lucas Scarpin spoke on the Procurement Review conducted by Craig Lardner from Procurement Advisory Services. Recommendations from this review (which touched on Council’s Contract Management and Tendering processes), will be implemented over the course of the 2015/16 financial year.
- The review has resulted in major changes to the procurement team structure, including redundancies
- Obligations for procurement will be included in all position descriptions from General Manager to lowest level employees.
- Procurement Advisory Services will oversee the implementation of changes reporting directly to the General Manager
- Savings of approximately $500,000 have been identified via this review
- A new team will be formed to monitor the implementation of the Procurement Review findings.

2.10 pm Mr Scarpin departed the meeting room

Grant Applications
Nina Churchward spoke on the implementation of a cross functional to manage grant applications across the organisation. A pack has been developed to assist those applying for grants, to both provide resources and to provide consistency.
It was noted that grant funding is moving to more “dollar for dollar” funding

Agreed
The Internal Audit Committee noted
- The findings of the procurement review and Council's intent to form a cross functional team to implement the findings of the review.
- The implementation of a Grant Funding cross functional team

4.3 Enterprise Risk Management

Nina Churchward reported on the use of a "heat map" to measure Enterprise Risk Management, Emerging Risks
The Local Government review process has been identified as an emerging risk particularly due to the tight timeframes and frequent changes in NSW Government requirements. The process is resulting in
- uncertainty within the organisation,
- high work load for staff
- rise in WH&S incidents (number and severity)

Agreed

The Internal Audit Committee noted Council's Enterprise Risk Management practices to ensure accountability to the community in the governance, management and allocation of resources.

4.5 Business Issues for Discussion

Noted

Council's Website
Geoff Steel advised that he could not find the Internal Audit Committee on the Bega Valley Shire Council website.
The IAC were advised that a new website will be released next week.
Action: Peter Jones will check that the information is made available.

Public Liability Claim
Nina Churchward informed the IAC regarding a possible high impact public liability claim in regard to the deaths that occurred on the Tathra Wharf from the partner/mother of the deceased. The claim has been received five years after the incident, noting the statute of limitations was three years.

2.42 pm Ms Barnes departed the meeting room

4.6 Decisions and Recommendations
Peter Jones requested that the Internal Audit Committee
- Endorse and agree on the meeting Agenda, reporting and meeting format
- Endorse the Internal Audit Self-Assessment Tool and Schedule of Review

Agreed
That the Self-Assessment be deferred until next year.
Next Meeting

The next meeting is to be held at Committee Room, Bega Valley Shire Council on Thursday, 27 August 2015.

The following meeting will be the 26 November, 2015

It was noted that under the Internal Audit Committee Charter an Annual Report on the Internal Audit Committee operations for the year is due to Council in July.

Agreed that Peter Jones will circulate and electronic copy to review the items for inclusion in the Annual Report with a teleconference to be convened if required.

5. Closure

There being no further business, the Chairperson closed the meeting at 2.53 pm.