Internal Audit Committee

Meeting Notice and Agenda

You are requested to attend a Internal Audit Committee meeting of the Bega Valley Shire Council to be held at Committee Room, Bega Valley Shire Council commencing at

12.30 am on Thursday, 3 September 2015

Leanne Barnes
General Manager

Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

Conflict of interest

A conflict of interest is a clash between private interest and public duty. There are two types of conflict:

- *Pecuniary* – regulated by the *Local Government Act* and Department of Local Government
- *Non-pecuniary* – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only). If declaring a Non-Pecuniary Conflict of Interest, Councillors can choose to either disclose and vote, disclose and not vote or leave the Chamber.

The test for conflict of interest

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of 'corruption' – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

Identifying problems

1st   Do I have private interests affected by a matter I am officially involved in?
2nd   Is my official role one of influence or perceived influence over the matter?
3rd   Do my private interests conflict with my official role?
Whilst seeking advice is generally useful, the ultimate decision rests with the person concerned.

Agency advice

Officers of the following agencies are available during office hours to discuss the obligations placed on Councillors, officers and community committee members by various pieces of legislation, regulation and codes.

Contact	Phone	Email	Website
Bega Valley Shire Council	(02) 6499 2222	council@begavalley.nsw.gov.au	www.begavalley.nsw.gov.au
ICAC	8281 5999 Toll Free 1800 463 909	icac@icac.nsw.gov.au	www.icac.nsw.gov.au
Office of Local Government	(02) 4428 4100	olg@olg.nsw.gov.au	http://www.olg.nsw.gov.au/
NSW Ombudsman	(02) 8286 1000 Toll Free 1800 451 524	nswombo@ombo.nsw.gov.au	www.ombo.nsw.gov.au

TO: The General Manager
         Bega Valley Shire Council

Disclosure of pecuniary interests / non-pecuniary conflict of interests

In accordance with the Council's Code of Meeting Practice and the requirements of the *Local Government Act* and regulations or dispensation issued by the Office of Local Government I hereby disclose the following pecuniary interests and/or non-pecuniary conflict of interests at the meeting as indicated below:

Ordinary meeting held on _____ / _____ / 20___

                              dd   mm   yy

Item no & subject   _____

Interest (tick one)   ☐ Pecuniary interest   ☐ Non-pecuniary conflict of interest

* Nature of interest   _____

If Non-pecuniary
(tick one)   ☐ Disclose & vote   ☐ Disclose & not vote   ☐ Leave chamber

Item no & subject   _____

Interest (tick one)   ☐ Pecuniary interest   ☐ Non-pecuniary conflict of interest

* Nature of interest   _____

If Non-pecuniary
(tick one)   ☐ Disclose & vote   ☐ Disclose & not vote   ☐ Leave chamber

Signed   _____

Print Name   Councillor

* Note: Under the provisions of Section 451(1) of the *Local Government Act 1993* (pecuniary interests) and Part 6.11 of the Model Code of Conduct prescribed by the Local Government (Discipline) Regulation 2004 (conflict of interests) it is necessary for you to disclose the nature of the interest when making a disclosure of a pecuniary interest or a non-pecuniary conflict of interest at a meeting.

INTERNAL AUDIT COMMITTEE

1   Present

2   Apologies

3   Confirmation of minutes

Minutes of the Internal Audit Committee meeting held on 28 May 2015.

4   Business Arising from last meeting

5   General Business

6   Closure

Next meeting

The date of the next meeting will be set .

Business Arising from last meeting

03 September 2015

4.1. Introduction to the new Risk/Internal Audit Coordinator

Opportunity for the new Risk/Internal Audit Coordinator to introduce himself to the committee.

General Manager

Heading

Attachments

Nil

4.2. IAC Information on Council's Website

Lack of information regarding the Internal Audit Committee on the Bega Valley Shire Council website.

Executive Manager Organisational Development and Governance

Attachments

Nil

Recommendation

IAC discuss what information about the Committee they would like to see on-line. Risk/Internal Audit Coordinator to action request.

4.3. Three year audit plan update

Update and discussion regarding the current three year audit plan.

General Manager

Attachments

Nil

Recommendation

Provide tracking document to IAC by next meeting (November) and get quotes for next lot of internal audits as per the audit plan.

General Business

03 September 2015

5.1. Risk Management Action Plan

Risk Management Control Action Plan 2015/16 – Council has drafted and will submit the annual risk management plan (RMAP) to our insurer StateWide. Councils are asked to develop a RMAP and submit this to their Regional Risk Manager who will assess the plan to ensure it meets the minimum requirements. A copy of the RMAP has been tabled to inform the IAC of enterprise risk initiatives and for general discussion

General Manager

Attachments

1.   Risk Management Action Plan RMAP 2015 2016 Signed Copy 21/08/2015

Recommendation

The Internal Audit Committee is given an explanation about the RMAP process and the plan submitted for the current financial year.

Risk Management Action Plan (July 2015 – June 2016)

Risk Management Action Plan (RMAP)	
Consultation Forum	Consultation in the development of the RMAP has included Council's Senior Management Team and the Risk Management Committee.
Progressive Review by Senior Management Team	This plan will be reviewed at each meeting of the Risk Committee (Quarterly) and the Leadership Executive Group (LEG) will be periodically briefed to ensure continuous progress of the RMAP objectives is monitored and senior management is kept informed. Minimum data requirements will be met for all documents' created IAW BVSC Procedure 5.01.1.

Commitment to the achievement of the RMAP	Name:	Leanne Barnes	Position:	General Manager
	Signature:		Date:	18/08/2015

Operational Risks Initiative One (OP1) - Effluent Re-Use

Objective	Actions required to achieve controls	Resources	Accountability
OP1. Council will conduct a review of all recycled water supply and use schemes to ensure that that management practices comply with the requirements of the Australian Guidelines for Water Recycling. Associated Risks The following enterprise risks will be addressed by undertaking this project: • Reputation • Prosecution • Legal • Environmental Degradation • Public Health	**OP1.1 Review existing (12) Recycled Water Supply Agreements** between BVSC and users of recycled water **OP1.2 Draft new Recycled Water Supply Agreements:** Negotiate new Recycled Water Supply Agreements with users where existing Agreements have expired and/or require updating. **OP1.3. Review and finalise existing Recycled Water Management Plans (RWMP):** based on the Australian Guidelines for Water Recycling (2006). **OP1.4 Develop audit scope and audit checklist:** Develop audit scope and methodology to assess the supply and use of recycled water in the context of Agreements and RWMP. **OP1.5 Audit Recycled Water Scheme:** Undertake an audit of a recycled water scheme where recycled water is being used under an Agreement and a RWMP e.g a golf course, show ground, recreation reserve, playing field, racecourse or farm. **OP1.6 Implement Audit Recommendations:** Implement any practical/legal recommendations identified in audit as appropriate.	• Internal Consultant (PEG Group – not operationally involved with re-use scheme). • Water and Sewerage Services (WaSS) Environmental Scientist to draft User Agreements and Recycled Water Management Plans.	• Water & Sewerage Services Manager. • Manager Environment Services.

bega valley shire council

Risk Management Action Plan July 2015 – June 2016
Version 1.2

Druff61. 12354045
Last Updated: 13092017

TRIM Ref D1524310
Page 1 of 5

bega valley shire council

Risk Management Action Plan (July 2015 – June 2016)

Operational Risks Initiative One (OP1) - Effluent Re-Use timeline for task completion												
Objective	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
OP1.1 Review existing (12) Recycled Water Supply Agreements between BVSC and users of recycled water				●———	———	●						
OP1.2 Draft new Recycled Water Supply Agreements			●———	———	———	———	———	———	———	———	———	●
OP1.3. Review and finalise existing Recycled Water Management Plans (RWMP)					●———	———	———	———	———	———	———	●
OP1.4 Develop audit scope and audit checklist				●———	———	●						
OP1.5 Audit Recycled Water Scheme					●———	———	●					
OP1.6 Implement Audit Recommendations							●——●					

NOTES:

a) This project aims to ensure the risks associated with the supply and uses of recycled water from BVSC STP's are appropriately addressed.

b) This project complements the following objectives articulated in Council's Community Strategic Plan:

- L1.2 Public safety and amenity improved through proactive regulation programs
- S1.8 Healthy landscapes based on protection of natural resources, innovative land use policies and government and community partnerships.
- S2.1 Draw on natural resources per capita (water, land, energy and fuel) is managed for reduction by Council.
- S2.4 Community-based sustainability initiatives are supported and implemented across shire.
- S4.2 Effluent reuse across the area maximised
- LO1.3 - Council articulates its role (leader, advocator, partner, facilitator, regulator, promoter, provider) to agencies and the community as appropriate to the activity.
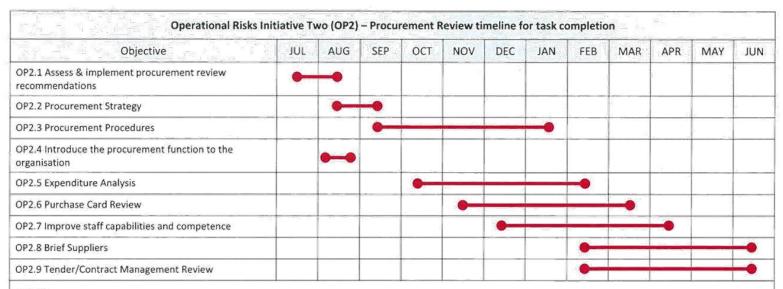
Risk Management Action Plan (July 2015 – June 2016)

Operational Risks Initiative Two (OP2) – Procurement Review			
Objective	Actions required to achieve controls	Resources	Accountability
OP2. Implement the identified outcomes of a recent procurement review undertaken last financial year. Associated Risks The following enterprise risks will be addressed by undertaking this project: • Probity • Conflict of Interest • Fraud • Corruption • Breach of Contract • Reputation	**OP2.1 Assess & implement procurement review recommendations:** Assess & implement the recommendations contained in the procurement review. **OP2.2 Procurement Strategy:** Develop an overarching procurement strategy for the newly formed procurement team based on Council requirements. **OP2.3 Procurement Procedures:** Draft (where needed), review and update all procurement procedures. **OP2.4 Introduce the procurement function to the organisation:** Using the staff development day as a platform introduce the new procurement team and the procurement function in general to all staff. **OP2.5 Expenditure Analysis:** Conduct a comprehensive analysis of Council expenditure (using Arc Blue) to review supplier base. **OP2.6 Purchase Card Review:** Review how purchase cards are administered – focusing on card limits and appropriate use procedures. **OP2.7 Improve staff capabilities and competence:** Use of external consultant to provide training, presentations and assist with the development of KPI's. **OP2.8 Brief Suppliers:** Once measures and documentation is developed brief current suppliers on BVSC procurement requirements, e.g electronic process, position on gifts, engaging with Council. **OP2.9 Tender/Contract Management Review:** Perform a comprehensive review of all tender documents and contracts with a view to implementing a standardised suite of Tender Documents for use by all BVSC Project Managers.	• Procurement Team • External Consultant	• Business Services Manager

Risk Management Action Plan (July 2015 – June 2016).
Version 1.2

Docket: 2015/2015
Last Updated: 19/08/2015

Ref No: D15053741
Page 3 of 5

Risk Management Action Plan (July 2015 – June 2016)

Operational Risks Initiative Two (OP2) – Procurement Review timeline for task completion												
Objective	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
OP2.1 Assess & implement procurement review recommendations	●—●											
OP2.2 Procurement Strategy		●—●										
OP2.3 Procurement Procedures			●———————————●									
OP2.4 Introduce the procurement function to the organisation		●—●										
OP2.5 Expenditure Analysis				●—————————●								
OP2.6 Purchase Card Review					●—————————●							
OP2.7 Improve staff capabilities and competence						●—————————●						
OP2.8 Brief Suppliers								●—————————————————●				
OP2.9 Tender/Contract Management Review								●—————————————————●				

NOTES:

a) This project complements the following objectives articulated in Council's Community Strategic Plan:

- LO1.2 - Council conducts its affairs in an open, transparent and accountable manner within a sound governance framework.
- LO2.1 - Council is financially sustainable and services and facilities meet community need while minimising transfer of costs to ratepayers.
- LO2.3 - Services provided are delivered in an economically and efficient way.
- LO2.6 - Council's organisational culture encourages integrity, responsiveness and innovation.
- LO3.7 - Council acts in a coordinated manner to implement the plan and report upon it; Council approach is - Plan What We Do & Do What We Plan.
- LO3.8 - Performance management concepts are embedded in the organisational culture and routines/ processes understood by all staff.

bega valley
shire council

Risk Management Action Plan (July 2015 – June 2016)

Strategic Risks Initiatives One (ST1): Business Continuity Plan Review

Objective	Actions required to achieve controls	Resources	Accountability
ST1. Council to undertake a comprehensive review of Council's existing Business Continuity Plan (BCP). Associated Risks The following enterprise risks will be addressed by undertaking this project: • Governance • Reputation • Health & Safety • Financial • Communications • ICT	**ST1.1 Exercise:** Council to conduct a facilitated exercise with Echelon to review our existing BCP – the aim to identify opportunities for improvement. **ST1.2 Consultation:** Consult with all key stakeholders. **ST 1.3 Document Control:** Create a BCP folder in TRIM **ST1.4 Procedure:** Develop BCP Management Procedure. **ST1.5 Supporting Documents:** Develop BCP fact sheets and supporting documents (e.g Sub Plan & Continuity Template, Media Template & Sequence of events Log). **SP1.6 Staff Accessibility:** Develop info for SharePoint and links to supporting documents. **ST1.7 Critical Function Sub Plans:** Review and update all Critical Function Continuity Plans (this being the strategic documents used by the CMT during an event) **ST1.8 Operational Sub Plans:** All other relevant departments to develop individual operational Sub-Plans. **ST1.9 GM Sign Off:** All Critical Function Continuity Plans operational Sub-Plans submitted to GM for final approval. **ST1.10 Crash Kits:** Update all business continuity kits **ST1.11 Review Recommendations:** Review Echelon Report and Recommendations and incorporate into BCP.	• Echelon Consultant • WHS/Risk Cadet	• Risk & Internal Audit Coordinator

Risk Management Action Plan (July 2015 – June 2016)

Strategic Risks Initiatives One (ST1): Business Continuity Plan Review timeline for task completion

Objective	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
ST1.1 Exercise	●—●											
ST1.2 Consultation		●————————————————————————●										
ST 1.3 Document Control		●——————————————●										
ST1.4 Procedure		●——————————————————●										
ST1.5 Supporting Documents				●——————————————————●								
SP1.6 Staff Accessibility					●——————————●							
ST1.7 Critical Function Sub Plans		●——————————●										
ST1.8 Operational Sub Plans		●——————————●										
ST1.9 GM Sign Off									●——————————●			
ST1.10 Crash Kits				●————————————————————●								
ST1.11 Review Recommendations								●——————————————————————————————●				

NOTES:

a) This project complements the following objectives articulated in Council's Community Strategic Plan:

- LO2.4 - Council has an integrated enterprise risk management approach.
- LO2.8 - Council provides a safe, healthy working environment and takes a pro-active approach to all Work Health Safety (WHS) matters.
- LO3.5 - Council provides a central point of contact (telephone and online) where requests are forwarded to skilled and knowledgeable staff for timely response

bega valley
shire council

Risk Management Action Plan (July 2015 – June 2016)

Other Risk Strategies/ Input One (RS1) – Risk Capture & Communication			
Objective	Actions required to achieve controls	Resources	Accountability
RS1. Risk Management Committee to examine and implement belter ways that Council can achieve risk capture & communication. Associated Risks The following enterprise risks will be addressed by undertaking this project: • Reputation • Governance • Communications	**RS 1.1 Establish current risk posture:** Obtain a snap shot of the levels of understanding of enterprise risk across a sample group of BVSC employees. **RS 1.2 Brainstorming session:** Run a facilitated 6 thinking hats session to examine better ways of Risk Capture & Communication. **RS 1.3. Draft Tools for Risk Capture & Communication:** Develop comprehensive suite of tools to communicate risk e.g fact sheets, tool box talk. **RS 1.4. Use Share Point to Communicate Organisational Risk Requirements:** Develop a share point page for enterprise risk. **RS 1.5. Determine effectiveness of project:** Revisit sample group after new initiatives are implemented to determine project effectiveness.	• Risk & Internal Audit Coordinator	• Risk Committee

bega valley
shire council

Risk Management Action Plan (July 2015 – June 2016)
Version 1.2

Created: 19/08/2015
Last Updated: 18/08/2015

File No: BVSC1541
Page 7 of 8

Risk Management Action Plan (July 2015 – June 2016)

Other Risk Strategies/ Input One (RS1) – Risk Capture & Communication timeline for task completion												
Objective	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
RS 1.1 Establish current risk posture		●————————●										
RS 1.2 Brainstorming session			●————●									
RS 1.3. Draft Tools for Risk Capture & Communication				●————————————————●								
RS 1.4. Use Share Point to Communicate Organisational Risk Requirements								●————————————————●				
RS 1.5. Determine effectiveness of project										●————●		

NOTES:

a) This project complements the following objectives articulated in Council's Community Strategic Plan:

- LO2.4 - Council has an integrated enterprise risk management approach.
- LO3.7 - Council acts in a coordinated manner to implement the plan and report upon it; Council approach is - Plan What We Do & Do What We Plan.

bega valley shire council

Risk Management Action Plan July 2015 – June 2016
Version 1.2

Dated: 13/08/2015
Last Updated: 0/09/2015

TRIM no. D15/0/1
Page 2 of 5

- 19 -

5.2. Internal Audit Committee Annual Report

Draft annual report (2014/15 reporting period) of the IAC to be tabled and discussed with recommended changes made and updated version sent to members out of session for adoption.

General Manager

Attachments

1.   Draft Internal Audit Committee Annual Report

Recommendation

Draft IAC annual report tabled & discussed and changes made by Risk/Internal Audit Coordinator out of session for adoption ASAP.

Internal Audit Committee
Annual Report 2014/15

bega valley
shire council

- 22 -

PO Box 492, Bega NSW 2550
P. (02) 6499 2222
F. (02) 6499 2200
E. council@begavalley.nsw.gov.au
W. begavalley.nsw.gov.au

ABN. 26 987 935 332
DX. 4904 Bega

Contents

Introduction

This is the second Annual Report of the Bega Valley Shire Council (BVSC) Internal Audit Committee (IAC), *hereby referred to as 'the Committee'* which covers the activities of the Committee for the period July 2014 to June 2015.

The Committee was established by Council at the first IAC meeting which was held on 31 August 2009.

The overall aim of the Committee is to support and assist Council in providing a transparent and independent review process for its financial and enterprise risk management practices to ensure accountability to the community in the governance, management and allocation of resources.

This report outlines the role and activities of the Internal Audit function, which acts in accordance with the duties and responsibilities, set out in the BVSC Internal Audit Charter.

Its purpose is to summarise the internal audit activity throughout the financial year and to include an overall opinion on Council's risk management, control and governance arrangements.

1. Membership

Internal Audit is an independent objective appraisal and consulting function, established within Council to examine and evaluate its activities. The Committee fulfils an advisory function for Council and is directly responsible to Council.

The membership structure of the Committee for the 2014/15 reporting period was altered following a Council Resolution in February 2015 to allow for an increase in membership to - three independent members.

Specifically the Committee consists of one elected Councillor and three external independent representatives. The independent representatives are permitted to be a member of the Committee for a maximum of two terms, each of four year duration in accordance with the IAC's Charter (the Charter). The Councillor representative is appointed by Council yearly in accordance with Council's Code of Meeting Practice.

The Charter requires the Chairperson be selected from the external representative members of the Committee.

Members of the Internal Audit Committee during 2014/2015 were:

- Chair – Mr. Terry Bunn, Independent Representative
- Committee member – Mr. Geoff Steel, Independent Representative
- Committee member – Mr. Roger Fitzgerald, Independent Representative
- Committee member – Councillor Ann Mawhinney , Councillor Representative

Additionally, as per the Charter, the 'non-voting attendees' to Internal Audit Committee meetings were:

- The General Manage;,
- Executive Manager Organisational Development and Governance Unit;
- Group Manager Strategy and Business Services Group; and the
- Risk and Internal Audit Coordinator.

2. Meetings

The Committee meets quarterly, and reports annually to Council. The existing Charter was reviewed in February 2015 and was considered and adoption by Council in March 2015.

The meetings dates for the Committee for the period were:

- 26 August 2014 (normal meeting)
- 27 November 2014 (normal meeting)
- 19 March 2015 (induction and normal meeting)
- 28 June 2015 (normal meeting)

All meetings are conducted at the Bega Valley Shire Council Chambers, Zingel Place Bega.

2.1 Attendance of Audit Committee Members at Meetings

Table 1 below shows attendance by the Committee member at each of the meetings held during the reporting period:

Table 1 – Meeting Attendance	Number of Meetings attended
Total number of meetings from 1 July 2014 to 30 June 2015	4
Mr. Terry Bunn	4
Mr. Geoff Steel	4
Mr. Roger Fitzgerald	4
Cr Ann Mawhinney	4

2.2 Key Activities of the Audit Committee for 2014/2015

The key activities of the Committee during the reporting year were as follows:

2.2.1 Three Year Audit Plan

A three year audit plan for the period of 2015-2018 was drafted and adopted by the Committee.

2.2.2 Annual Audit Plan 2014/15

In addition to the three year audit plan the Committee also tracked the progress of the BVSC annual audit plan.

2.2.3 Internal Audit Committee Charter Revision

The Internal Audit Committee Charter underwent an extensive review and was updated in accordance with the requirements of the Office of Local Government's (OLG) Internal Audit Guidelines.

2.2.4 Enterprise Risk Updates

The Committee requested and was briefed on Council's current enterprise risk management (ERM) practices and processes. Specifically the Committee was keen to see that all relevant organisational risks are incorporated into any auditing that is undertaken.

2.3 Other Matters

2.3.1 Special Investigations

No special investigations were undertaken by the Committee or Internal Auditor during the 2014/15 reporting period.

2.3.2 Pecuniary Interest Declarations

One pecuniary interest was declared by a Committee member during the year.

2.3.3 Government Information Public Access (GIPA)Requests

One GIPA request (made in accordance with the provisions outlined in the *Government Information (Public Access) Act 2009*) was made, dealing with the activities of the Committee. This request was specifically made to Council and requested the proactive release of the Committee's 2013/14 Annual Report. It was determined that disclosure of this document was justified and as a result it was released to the applicant.

As a result of this request it was determined by the Committee that proactive release of the Annual Report via councils website will be implemented including all previously accepted Annual Reports.

3. Provision of Internal Audit Services

The OLG Guidelines states that '…the Internal Audit Committee (IAC) is responsible for developing a risk-based audit plan'. A fundamental role of Internal Audit is to provide Council and senior management with independent assurance of Bega Valley Shire Council's (BVSC) overall control environment, comprising the systems of governance, risk management, and internal control and to highlight control weaknesses together with recommendations for improvement.

The Audit Plan sets out proposals on how this will be achieved in the years ahead. The Audit Plan must incorporate sufficient work to enable the IAC to give an opinion on the adequacy of BVSC's overall control environment.

3.1 Three year audit plan

The audit work planned within the three year Audit Plan (July 2015 to June 2018) which is aligned to Council's Risk Register, will inform the IAC's opinion on the internal control environment that exists within BVSC.

The Chair of the Committee reports their overall opinion to Council on an annual basis. Table 2 below lists the planned audits in the period July 2015 to June 2018 and their current status:

Table 2— Planned audits for the period July 2015 to June 2018		
Audit Title	**Status**	**Planned Completion**
1. Cash handling and receipting	Incomplete	June 2018
2. Corporate information including IT security	Incomplete	June 2018
3. Developer contributions including Voluntary Planning Agreements, works in kind and conditions of consent	Incomplete	June 2018
4. Emergency preparedness	Incomplete	June 2018
5. Financial management including payroll	Incomplete	June 2018
6. Flood plan management	Incomplete	June 2018
7. Fraud and corruption risk assessment	Incomplete	June 2018
8. Human resources strategy	Incomplete	June 2018
9. Major projects	Incomplete	June 2018
10. Sponsorship arrangements	Incomplete	June 2018
11. Plant and fleet	Incomplete	June 2018
12. Procurement	Complete	June 2018

3.2 Annual Audit Plan

The annual audit plan for the reporting period consisted of the following activities (as outlined in table 3 below):

Table 3— Planned audits for the period July 2014 to June 2015		
Audit Title	**Status**	**Planned Completion**
1. Audit of Information Management (IM)/Information Technology (IT) Governance and Systems Integration	Complete	n/a
2. Waste Management/Operations	Incomplete	
3. Contract Management and Tendering Audits	Complete	n/a
4. Delegations Audit	Complete	n/a
5. Payroll Processes	Complete	n/a
6. Fringe Benefit Tax: Policy and Services	Complete	n/a

3.3 Completed Audits

In 2014/2015, the Committee has reviewed and noted a number of completed audits in its role to support Council's management and good governance practices. The following audits completed during the reporting period are indicated below:

3.3.1 Procurement Review (Three year audit plan)

This review was undertaken to complement the changes that resulted from the Organisational Restructure; which included the appointment of the Business Services Manager and the Finance Manager.

The review predominantly focused on the following processes:

- If risk management processes are effectively in place at the various phases of the procurement process.

- Internal controls are understood, appropriately in place and effective.

- Identification of opportunities for cost savings, improved procurement strategies and quality improvements.

- Policy and procedure changes.

Comments: The procurement review identified some key shortfalls within Council's systems and processes. The recommendations tabled have resulted in significant changes to the procurement function within Council.

3.3.2 Audit of Information Management (IM)/Information Technology (IT) Governance and Systems Integration

The objective of the audit was to assess the adequacy and effectiveness of controls in place to support the effective expenditure of IM/IT system resources. The scope included examination of the governance bodies and processes in place to establish priorities among, and recommend or approve funding for IT initiatives. Examination of roles and responsibilities and delegated authorities and assessment as to the adequacy of planning for integration of systems which can serve more than one purpose was also assessed.

3.3.3 Contract Management and Tendering Audits

The objective of these audits was be to assess the adequacy and effectiveness of selected Contract Management and Tendering practices across the organisation. The specific scope of each audit was determined on the basis of risk; including a review of existing documented controls, efficiency and integration of systems utilised across BVSC.

3.3.4 Delegations Audit

The objective of this audit was to review current delegations to ensure that they are appropriate to the capabilities, qualifications and needs of the positions to which they apply and review the performance of delegated functions and ensure compliance with operating procedures.

3.3.5 Payroll Processes

The objective of this audit was to access the control environment surrounding the employee 'masterfile' and the calculation of Council's payroll, Authorisation and recording payroll data, Net pay calculations, Payroll reconciliation and interface to General Ledger and Staff induction, leave, disciplinary, exit, conduct, allowances and equal employment opportunity processes.

3.3.6 Fringe Benefit Tax: Policy and Services

The objective of this audit was to review and assessment of BVSC FBT systems in accordance with Local Government Act, 1999 and Local Government (Financial Management) Regulations 1999.

3.4 Incomplete Audits

3.4.1 Waste Management/Operations audit

The planned Waste Management/Operations audit was deferred to benefit from reviewing the outcomes from a planned NSW Environment Protection Authority (EPA) environmental risk assessment of Council's Central waste Facility. It is envisioned the assessment will meet the audit criteria as previously approved by the Committee at the August 2014 meeting.

The following elements are 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.

To date the assessment phase of this Report has been undertaken occurred; however, audit findings have yet to be finalised. It is envisioned the completed Report will be provided to the Committee at the next meeting.

4. Looking Forward

The Committee is continuing to identify ways to improve how it assists council. Specifically the Committee will examine ways to:

- Better incorporate enterprise risk into the audit function.

- Improve the way information about the internal audit function can be accessed by the local community.

5. Signoff

This Annual Report of the Audit Committee for the year ending 30 June 2015 was presented to the Audit Committee for endorsement at its meeting held on.

Signed by: Mr Terry Bunn, Chairman ....

Presented to the Ordinary Meeting of Council on.