



MINUTES

Audit Committee Meeting

15 October 2019

AUDIT COMMITTEE MEETING MINUTES**15 OCTOBER 2019**

**MINUTES OF NORFOLK ISLAND REGIONAL COUNCIL
AUDIT COMMITTEE MEETING
HELD AT THE NORFOLK ISLAND REGIONAL COUNCIL CHAMBERS
ON TUESDAY, 15 OCTOBER 2019 AT 4:00PM**

PRESENT:**IN ATTENDANCE:**

Name	Representative	Present	Apology
Katie Sexton	Chair and Independent Member	✓ (via telephone)	
Chris Gallagher	Independent Member	✓	
Councillor Rod Buffett	Councillor	✓	
Bruce Taylor	Interim General Manager		✓
Joy Walker	Acting Group Manager Services	✓	
Phillip Wilson	Group Manager Corporate / CFO	✓	
Alan Hollway	Executive Manager Organisational Development		✓
Ann Pataki	Risk and Internal Audit Officer	✓	
Carl Millington	Partner , Pitcher Partners (External Auditor)	✓	

1 WELCOME

The Chair welcomed the Committee and attendees to the meeting and opened the meeting at 4:05pm. (given the Chair was available via telephone, Mr Gallagher occupied the Chair for this meeting)

2 DISCLOSURE OF INTEREST**NIL**

3 CONFIRMATION OF MINUTES**3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 AUGUST 2019**

1. That the Minutes of the Audit Committee Meeting held on 20 August 2019 be taken as read and confirmed with the following minor formatting alteration for item 6, page 7, as follows:
 - i) Removal of 'Mover and Seconder' on page 7
 - ii) Recommendation (2), (page 8 of the minutes) be altered to Recommendation (4)

MOVED : Katie Sexton

SECONDED : Rod Buffett

5.4 DRAFT FINANCIAL STATEMENTS 2018-2019

The Audit Committee agreed to bring forward this matter to allow Mr Millington to provide his presentation on the Draft Financial Statements.

5.4 DRAFT FINANCIAL STATEMENTS: 2018-19**SUMMARY**

The purpose of this report is to present to the Audit Committee the draft annual Financial Statements 2018–19 that have been referred to Council's External Auditors in accordance with Section 416 of the Local Government Act 1993 (NSW)(NI).

Carl Millington from Pitcher Partners (PP) reviewed and commented on the draft report to the Audit & Risk Committee for the year ended 30 June 2019. The draft report states 'we plan to issue an unmodified audit opinion subject to the finalisation of the completion matters'.

Audit reports will be finalised and the audited Financial Statements will be lodged with the Minister by 31st October for Council's November 2018 meeting where the report will be presented to the public.

The Audit Committee requested an in camera discussion with the External Auditor. The Acting Group Manager Services, Group Manager Corporate/CFO and the Risk and Internal Audit Officer left the meeting at 5.21pm and returned at 5.30 pm.

RECOMMENDATION

Following Mr Millington's detailed presentation, the Audit Committee recommends:

1. Council note the Audit Committee has received the Draft 2018-2019 Financial Statements
2. The Audit Committee notes that Council has approved the submission of the Draft annual 2018–2019 Financial Statements for Audit to the external auditors, Pitcher Partners.
3. Council note the Audit committee thanked the External Auditor for his input and presentation

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4. That Council write to the appropriate Commonwealth Minister expressing the Council's thanks for the waiver of the \$10.9m debt outstanding on the Airport resurface and the grant of \$43m to upgrade the Airport over the next two years.
5. That Council issues a media release advising the community of the considerable additional funds made available to the Council by the Commonwealth as contained in 4 above.
6. That Council notes the Audit Committee expresses some concern that the 2018-19 Draft Financial Statements indicates the outstanding rates, annual charges, interest and extra charges is considerably higher than the benchmark established by the Office of Local Government.
- 7 Council note the Audit Committee has congratulated the Group Manager Corporate/ CFO for the manner and timeliness of completing the Draft Statements.

MOVED : Chris Gallagher

SECONDED : Rod Buffett

Mr Millington left the meeting at 5.45 pm.

4 BUSINESS ARISING FROM MINUTES

4.1 ACTION ITEMS ARISING FROM PREVIOUS MEETINGS

SUMMARY

The purpose of this report is to provide the Audit Committee with a listing of all outstanding action items for the past four Committee meetings.

RECOMMENDATION

That the Audit Committee notes and highlights the outstanding items, and requests these outstanding items to be submitted at the Audit Committee meeting in February 2020.

The outstanding items to be presented to the next Audit Committee meeting are as follows:

MEETING DATE	ITEM NUMBER	ACTION ITEM	RESPONSIBLE OFFICER
18/2/19	5.1 (e)	A copy of Council's Pensioner Rebate Policy to be provided to the next meeting	Group Manager Corporate/CFO
29/5/19	4.2	Hardship Policy- Council staff inspect other Council's hardship policies to determine best practice. Consider increasing the number of persons who might consider hardship applications received by Council	Group Manager Corporate/CFO

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29/5/19	4.3	Stocktake procedure – should be discussed with Council’s External Auditor for possible improvements and other suggestions in the other business units of Council.	Group Manager Corporate/CFO
19/8/19	6	The Cash Handling Standard Operating Guideline be referred to the Council’s External Auditors for comments/opinion. Feedback to be provided to the Committee	Group Manager Corporate/CFO
19/8/19	6	Examples of the completed Auditing (7.9) on page 4 of the ‘Standard Operating Guideline (SOG) for cash handling be provided at the next committee meeting.	Group Manager Corporate/CFO

MOVED : Chris Gallagher**SECONDED** : Rod Buffett**4.2 DRAFT AUDIT COMMITTEE CHARTER****SUMMARY**

The purpose of this report is to provide the Audit Committee a draft copy of the Audit Committee Charter.

RECOMMENDATION

That the Audit Committee notes and approves the draft audit committee charter, and recommends adoption by Council.

MOVED : Katie Sexton**SECONDED** : Rod Buffett**4.3 DRAFT SCHEDULE OF AUDIT COMMITTEE ACTIVITIES****SUMMARY**

The purpose of this report is to provide the Audit Committee with a draft copy of the Schedule of Audit Committee Activities.

RECOMMENDATION

That the Audit Committee notes and approves the draft Schedule of Audit Committee Activities with recommended minor adjustments made, and recommends adoption by Council.

MOVED : Katie Sexton**SECONDED** : Rod Buffett

4.4 WORK HEALTH & SAFETY INITIATIVES AND INCIDENTS REPORT-LOST TIME STATISTICS**SUMMARY**

The purpose of this report is to provide the Audit Committee with requested additional information to the Work Health and Safety report which was presented to the Committee at its meeting on 20th August 2019.

RECOMMENDATION

- (1) That the Audit committee notes the report.
- (2) The Audit Committee requests that further detail for the period (financial year 2018-2019) be provided to the Audit Committee at the February 2020 meeting; the further detail required is as follows in table/graph format:
 - The type of injuries which occurred (i.e. slip/strain etc.)
 - Where the injury occurred (i.e. KAVHA, Waste Management etc.)
 - Details of the other 20 incidents which were not summarised in the report (25 out of the 45 incidents were described in the report)
- (3) The Work Health and Safety Officer provides further information to the next Audit Committee meeting regarding how incidents are reported and handled by the Work Health & Safety Committee.
- (4) The Audit Committee requests a Work Health & Safety incidents report at each meeting for financial year to date information in table/graph format detailing the types of incidents and in which areas the incidents occurred.

MOVED : Chris Gallagher

SECONDED : Katie Sexton

5 REPORTS FROM OFFICERS**5.1 MEETING DATES FOR 2020****SUMMARY**

The purpose of this report is to confirm the proposed meeting dates for the Audit Committee in 2020.

RECOMMENDATION

That the Audit committee dates for 2020 be received and confirmed as 2pm

- Wednesday 26 February 2020
- Wednesday 27 May 2020
- Thursday 20 August 2020
- Thursday 15 October 2020.

MOVED :Rod Buffett

SECONDED :Katie Sexton

5.2 RISK MANAGEMENT FRAMEWORK**SUMMARY**

The purpose of this report is to provide the Audit Committee with a draft copy of the Risk Management Framework; Risk Management Policy and Risk Management Procedure.

RECOMMENDATION

That the Audit Committee defers the matter for consideration to the February 2020 meeting and provide feedback to the Risk and Internal Audit Officer out of cycle in the interim. .

MOVED : Katie Sexton

SECONDED : Rod Buffett

5.3 AUDIT COMMITTEE PERFORMANCE REVIEW**SUMMARY**

The purpose of this report is to provide the Committee with information to enable consideration of an Audit committee self-assessment.

RECOMMENDATION

That the Audit Committee agrees that Chris Gallagher will complete the questionnaire on behalf of the Committee and distribute to the remaining Audit Committee members for review and comment, following which the matter will be referred to Council.

MOVED : Chris Gallagher

SECONDED : Rod Buffett

6 ITEMS FROM COMMITTEE MEMBERS

NIL

CLOSED COMMITTEE**7 CONFIDENTIAL MATTERS FOR CONSIDERATION****RECOMMENDATION**

That the Audit Committee considers the confidential report(s) listed below in a meeting closed to the public in accordance with Section 10A (2) of the Local Government Act 1993:

The Audit Committee move into a Closed session at 6.20 pm.

MOVED : Chris Gallagher

SECONDED : Rod Buffett

7.1 Continuous Improvement Register update October 2019

This matter is considered to be confidential under Section 10A (2) - f of the Local Government Act, and the Audit Committee is satisfied that discussion of this matter in an open meeting would, on balance, be contrary to the public interest as it deals with details of systems and/or arrangements that have been implemented to protect council, councillors, staff and Council property.

RECOMMENDATION

1. That the Audit Committee notes the Continuous Improvement Register dated October 2019 as received and noted.
2. The Chairperson will provide feedback on the Register to the Risk and Internal Audit Officer in the near future
3. The Audit Committee move out of closed Session at 6.30 pm.

MOVED : Chris Gallagher

SECONDED : Rod Buffett

OPEN COMMITTEE

The Audit Committee recommends the recommendations contained in the closed Committee report be adopted by Council.

MOVED : Chris Gallagher

SECONDED : Rod Buffett

Katie Sexton left the meeting (by telephone) at 6.40 pm.

8 CLOSE OF COMMITTEE MEETING

The next Audit Committee meeting will be held on **Wednesday 26 February 2020 at 2pm.**

The Chair closed the meeting at 6.42 pm.