

NOTICE OF MEETING



INTERNAL AUDIT ADVISORY COMMITTEE MEETING

An Internal Audit Advisory Committee Meeting of Byron Shire Council will be held as follows:

Venue	Conference Room, Station Street, Mullumbimby
Date	Thursday, 14 May 2015
Time	11.00am

A handwritten signature in black ink, appearing to read 'Ken Gainger', is positioned above the printed name.

Ken Gainger
General Manager

CONFLICT OF INTERESTS

What is a “Conflict of Interests” - A conflict of interests can be of two types:

Pecuniary - an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person or another person with whom the person is associated.

Non-pecuniary – a private or personal interest that a Council official has that does not amount to a pecuniary interest as defined in the Local Government Act (eg. A friendship, membership of an association, society or trade union or involvement or interest in an activity and may include an interest of a financial nature).

Remoteness – a person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to a matter or if the interest is of a kind specified in Section 448 of the Local Government Act.

Who has a Pecuniary Interest? - a person has a pecuniary interest in a matter if the pecuniary interest is the interest of the person, or another person with whom the person is associated (see below).

Relatives, Partners - a person is taken to have a pecuniary interest in a matter if:

- The person’s spouse or de facto partner or a relative of the person has a pecuniary interest in the matter, or
- The person, or a nominee, partners or employer of the person, is a member of a company or other body that has a pecuniary interest in the matter.

N.B. “Relative”, in relation to a person means any of the following:

(a) the parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descends or adopted child of the person or of the person’s spouse;

(b) the spouse or de facto partners of the person or of a person referred to in paragraph (a)

No Interest in the Matter - however, a person is not taken to have a pecuniary interest in a matter:

- If the person is unaware of the relevant pecuniary interest of the spouse, de facto partner, relative or company or other body, or
- Just because the person is a member of, or is employed by, the Council.
- Just because the person is a member of, or a delegate of the Council to, a company or other body that has a pecuniary interest in the matter provided that the person has no beneficial interest in any shares of the company or body.

Disclosure and participation in meetings

- A Councillor or a member of a Council Committee who has a pecuniary interest in any matter with which the Council is concerned and who is present at a meeting of the Council or Committee at which the matter is being considered must disclose the nature of the interest to the meeting as soon as practicable.
- The Councillor or member must not be present at, or in sight of, the meeting of the Council or Committee:
 - (a) at any time during which the matter is being considered or discussed by the Council or Committee, or
 - (b) at any time during which the Council or Committee is voting on any question in relation to the matter.

No Knowledge - a person does not breach this Clause if the person did not know and could not reasonably be expected to have known that the matter under consideration at the meeting was a matter in which he or she had a pecuniary interest.

Participation in Meetings Despite Pecuniary Interest (S 452 Act)

A Councillor is not prevented from taking part in the consideration or discussion of, or from voting on, any of the matters/questions detailed in Section 452 of the Local Government Act.

Non-pecuniary Interests - Must be disclosed in meetings.

There are a broad range of options available for managing conflicts & the option chosen will depend on an assessment of the circumstances of the matter, the nature of the interest and the significance of the issue being dealt with. Non-pecuniary conflicts of interests must be dealt with in at least one of the following ways:

- It may be appropriate that no action be taken where the potential for conflict is minimal. However, Councillors should consider providing an explanation of why they consider a conflict does not exist.
- Limit involvement if practical (eg. Participate in discussion but not in decision making or vice-versa). Care needs to be taken when exercising this option.
- Remove the source of the conflict (eg. Relinquishing or divesting the personal interest that creates the conflict)
- Have no involvement by absenting yourself from and not taking part in any debate or voting on the issue as if the provisions in S451 of the Local Government Act apply (particularly if you have a significant non-pecuniary interest)

RECORDING OF VOTING ON PLANNING MATTERS

Clause 375A of the Local Government Act 1993 – Recording of voting on planning matters

- (1) In this section, **planning decision** means a decision made in the exercise of a function of a council under the Environmental Planning and Assessment Act 1979:
 - (a) including a decision relating to a development application, an environmental planning instrument, a development control plan or a development contribution plan under that Act, but
 - (b) not including the making of an order under Division 2A of Part 6 of that Act.
- (2) The general manager is required to keep a register containing, for each planning decision made at a meeting of the council or a council committee, the names of the councillors who supported the decision and the names of any councillors who opposed (or are taken to have opposed) the decision.
- (3) For the purpose of maintaining the register, a division is required to be called whenever a motion for a planning decision is put at a meeting of the council or a council committee.
- (4) Each decision recorded in the register is to be described in the register or identified in a manner that enables the description to be obtained from another publicly available document, and is to include the information required by the regulations.
- (5) This section extends to a meeting that is closed to the public.

BYRON SHIRE COUNCIL
INTERNAL AUDIT ADVISORY COMMITTEE MEETING

BUSINESS OF MEETING

1. APOLOGIES

2. DECLARATIONS OF INTEREST – PECUNIARY AND NON-PECUNIARY

3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1 Internal Audit Advisory Committee Meeting held on 19 February 2015

4. BUSINESS ARISING FROM PREVIOUS MINUTES

5. STAFF REPORTS

Corporate and Community Services

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6. CONFIDENTIAL REPORTS

Corporate and Community Services

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STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 5.1 Internal Audit Report - Billing and Collections

Directorate: Corporate and Community Services

5 **Report Author:** James Brickley, Manager Finance

File No: I2015/379

Theme: Corporate Management
Financial Services

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Summary:

Council's Internal Auditors, Grant Thornton, conducted a review of Council's Billing and Collections function during February 2015.

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The purpose of this report is to table the Internal Audit Report on Billings and Collections for consideration by the Internal Audit Advisory Committee. A copy of the Report is included at Attachment 1.

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The report includes the findings made by Grant Thornton and responses from Management to the findings.

RECOMMENDATION:

1. That the Internal Audit Report – Billing and Collections February 2015 be noted by Council along with responses and actions detailed by Management.
2. That Management implement the recommendations suggested in the report identified at Attachment 1 (E2015/26863).

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Attachments:

- 1 Confidential - Internal Audit Report - Billing and Collections, E2015/26863

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Report

Council's Internal Auditors, Grant Thornton, conducted a review of Council's Billing and Collections function during February 2015. This review was part of the adopted Internal Audit Plan for Council.

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The purpose of this report is to table the Internal Audit Report on the Billing and Collections function for consideration by the Internal Audit Advisory Committee. The Report includes the findings made by Grant Thornton and responses by Management to the findings. A copy of the Report is included at Attachment 1.

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The report by Grant Thornton provides an overall rating, which has been categorised as 'Acceptable'. A rating of Acceptable is defined as '*Overall a good framework in place. Some improvements identified, which would further strengthen the overall control environment*'.

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Identified in the Billing and Collections report were five findings summarised as follows with associated rating to identify their significance.

- Non-rateable property list review (Rating: Moderate)
- Write Offs (Rating: Moderate)
- Outsourced Service Providers (Rating: Moderate)
- Donations Rates (Rating: Low)
- Policies and Procedures (Rating: Low)
- Re-categorisation of Property (Rating: Low)

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In regard to the ratings to identify the significance identified in the report, the following definitions are applied:

- Rating: High – Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objective.
- Rating: Moderate – Issue represents a control weakness, which could have or is having significant adverse effect on the ability to achieve process objectives.
- Rating: Low – Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.

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It is the intention of Management to address each of the findings detailed in the Billing and Collections report, with the approach recommended by Management, to implement the necessary action is provided against each finding under the heading 'Management Comments and Actions', along with defined timeframe for the action to be completed. To this extent some matters raised in the report have already been addressed and/or alternative processes implemented given the significance of the Billing and Collections function in terms of the physical revenue generation for Council.

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The review of the Billings and Collections function, through the independent audit undertaken by Grant Thornton, has been welcomed and has assisted in the identification of better practices and process improvement. From the perspective of the Responsible Accounting Officer of Council who is responsible for the Billing and Collections function, the review has identified areas of improvement to assist with the discharge of responsibilities outlined in Regulation 207 of the Local Government (General) Regulation 2005, particularly Regulation 3 (a).

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50 Financial Implications

There are no financial implications associated with this report. It is expected that the recommendations and actions required by Management to address the recommendations will be met from existing budgets approved by Council.

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Statutory and Policy Compliance Implications

5 Regulation 207 of the Local Government (General) Regulation 2005 outlines the responsibilities of the responsible accounting officer in regards to the accounting records of Council as follows:

- (1) *The responsible accounting officer of a council is responsible for keeping the council's accounting records.*
- 10 (2) *The responsible accounting officer must ensure that the accounting records are kept up-to-date and in an accessible form.*
- (3) *The responsible accounting officer must take all reasonable measures to ensure that:*
 - 15 (a) *all money payable to the council is collected or recovered promptly, and*
 - (b) *appropriate arrangements are implemented for the security and banking of money received by the council, and*
 - 20 (c) *the assets of or under the control of the council are properly accounted for, and*
 - (d) *liabilities are incurred by the council only with the authority of the council and the council's funds are properly spent in meeting those liabilities, and*
 - 25 (e) *appropriate budgeting and accounting systems (including internal control systems) are established and maintained for the purposes of the council, and*
 - (f) *adequate measures are taken to protect the council's valuable securities and*
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For Byron Shire Council, the delegated Responsible Accounting officer is the Manager Finance.

Report No. 5.2 **Internal Audit Report May 2015**
Directorate: Corporate and Community Services
Report Author: Mark Arnold, Director Corporate and Community Services
File No: I2015/388
5 **Theme:** Corporate Management
 General Manager's Office

Summary:

10 This report has been prepared to allow the Internal Audit Committee to consider the Internal Audit Report – Audit Committee (May 2015) prepared by the Internal Auditor, Grant Thornton.

RECOMMENDATION:

That the Internal Audit Committee recommend to Council:

That Council receive and note the Internal Audit Report – Audit Committee (May 2015) (#E2015/29416) prepared by the Internal Auditor, Grant Thornton.

Attachments:

- 1 Byron Internal Audit Report - May 2015, E2015/29416 (provided under separate cover)

Report

This report has been prepared to allow the Internal Audit Committee to consider the Internal Audit Report – Audit Committee (May 2015) prepared by the Internal Auditor, Grant Thornton.

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A copy of the Internal Audit Report has been included as Attachment 1 to this report.

The Internal Audit Report has been prepared and it includes an update on the following:

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- Status of Agreed Actions from Prior Audits
 - Status update on the implementation of agreed actions from previous Internal Audit Review Reports.

15 The Internal Auditor will be available at the meeting to answer any questions associated with the Report.

Financial Implications

20 There no financial implications associated with this report.

Statutory and Policy Compliance Implications

25 The performance of the Internal Audit Services is required to be undertaken in accordance with the terms and conditions of Internal Audit Services Contract 2013-0024. These terms and conditions require consideration of the NSW Department of Premier and Cabinet, Division of Local Government, Internal Audit Guidelines and compliance with the associated professional accounting and audit standards.

CONFIDENTIAL REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 6.1 CONFIDENTIAL - 2014/2015 Audit Strategy

Directorate: Corporate and Community Services

5 **Report Author:** James Brickley, Manager Finance

File No: I2015/368

Theme: Corporate Management
 Financial Services

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Summary:

Council's external Auditors Thomas Noble and Russell have submitted their Final Audit Strategy to Council for the 2014/2015 Financial Year.

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This report is prepared to present the 2014/2015 Final Audit Strategy for Council to the Internal Audit Advisory Committee.

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RECOMMENDATION:

1. **That pursuant to Section 10A(2)(d)i of the Local Government Act, 1993, Council resolve into Confidential Session to discuss the report 2014/2015 Audit Strategy.**
- 25 2. **That the reasons for closing the meeting to the public to consider this item be that the report contains:**
 - a) **commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it**
- 30 3. **That on balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as potential to prejudice the commercial position of Council's External Auditors as the strategy outlines what audit activities are to be conducted as part of their service tender to Council along with the expected audit fee.**

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Attachments:

- 1 Confidential - Final Audit Strategy Byron Shire Council 2015, E2015/26523

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