

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, 10 November 2016
Time	11.00am

A handwritten signature in black ink, appearing to read 'Mark Arnold', is located in the lower-left quadrant of the page.

Mark Arnold
Director Corporate and Community Services

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 18 August 2016

3.2 Extraordinary Internal Audit Advisory Committee Meeting held on 25 October 2016

4. STAFF REPORTS

General Manager

4.1 Training, Recruitment and Succession Review (HR Review).....4

Corporate and Community Services

4.2 Internal Audit Progress Report November 20166

STAFF REPORTS - GENERAL MANAGER

Report No. 4.1 Training, Recruitment and Succession Review (HR Review)

Directorate: General Manager

5 **Report Author:** Kylie Armstrong, Manager People and Culture

File No: I2016/1163

Theme: Corporate Management

Organisation Development

10

Summary:

Council's Internal Auditors, Grant Thornton, conducted an Internal Audit Training Recruitment and Succession Review during September 2016.

15

This report has been prepared to table the Internal Audit Report on Training, Recruitment and Succession Review prepared by the Internal Auditor, Grant Thornton included at Attachment 1.

20

This Report includes the findings made by Grant Thornton and responses from Management to the findings.

RECOMMENDATION:

1. That the Internal Audit Report - Training, Recruitment and Succession Review – September 2016 (#2016/96992) be noted by Council along with responses and actions detailed by Management.

2. That Management implement the recommendations made in the report identified as Attachment 1 (#E2016/96992).

25 **Attachments:**

1 Confidential - BSC - Training Recruitment and Succession Report FINAL, E2016/96992

30

Report

5 Council’s Internal Auditors, Grant Thornton, undertook an Internal Audit Review of Training, Recruitment and Succession Review during September 2016. This review was part of the adopted Internal Audit Plan for Council.

10 The purpose of this report is to table the “Internal Audit Report – Training, Recruitment and Succession Review - September 2016” for consideration by the Internal Audit Committee. A copy of the report is attached at Annexure 1.

15 The report includes the findings made by Grant Thornton and responses from Management to the findings. The report by Grant Thornton provides an overall rating. The Review was given an overall rating of ‘Needs Improvement’ (per definition meaning: “Significant control weaknesses were noted which if not addressed, may result in material exposure.”)

Further identified in “Internal Audit Report – Training, Recruitment and Succession Review - September 2016”, were the findings, which have been detailed below.

20 Detailed Findings

- | | | |
|----|-----------------------------|-----------------------------------|
| 1. | Succession Planning | (Rating: Moderate) |
| 2. | Talent Retention | (Rating: Moderate) |
| 3. | Learning and Development | (Rating: Moderate) |
| 4. | Performance Management | (Rating: Moderate) |
| 25 | 5. Recruitment Process | (Rating: Low) |
| | 6. Record Management | (Rating: Low) |
| | 7. Staff Engagement/Culture | (Rating: Performance Improvement) |

30 **Financial Implications**

There are no financial implications associated with this report. There may be financial implications resulting from the implementation of the recommendation from the Internal Auditor, which will be met from existing budgets or, where required, reported to Council for the allocation of budget, to implement the recommendation or actions determined as a result of any investigation.

35 **Statutory and Policy Compliance Implications**

40 This Review was undertaken in accordance with the adopted Internal Audit Strategy and Audit Plan.

STAFF REPORTS - CORPORATE AND COMMUNITY SERVICES

Report No. 4.2 Internal Audit Progress Report November 2016

Directorate: Corporate and Community Services

5 **Report Author:** Mark Arnold, Director Corporate and Community Services

File No: I2016/1161

Theme: Corporate Management
Governance Services

10

Summary:

This report has been prepared to allow the Internal Audit Committee to consider the Internal Audit Report (November 2016) prepared by the Internal Auditor, Grant Thornton.

15

RECOMMENDATION:

That Council receive and note the Internal Audit Report – Audit Committee (November 2016) (#E2016/97032) prepared by the Internal Auditor, Grant Thornton.

Attachments:

20 1 Confidential - Progress Report for IAC - 10 Nov 16, E2016/97032

Report

This report has been prepared to allow the Internal Audit Committee to consider the Internal Audit Progress Report (November 2016) prepared by the Internal Auditor, Grant Thornton.

5

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

The Internal Audit Progress Report have been prepared to include an update on the following:

- 10
- 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.