



CENTRAL TABLELANDS ALLIANCE (CTA) AUDIT COMMITTEE

MINUTES - 14 March, 2019

1. Welcome and Acknowledgement of Country

We acknowledge the traditional custodians of the land on which we live and work - the Wiradjuri and Gundungurra Nations of people and we pay our respects to the Elders past, present and emerging.

2. Attendance

Rob Campbell	Chair
Neil Maltby	Independent Member
Phillip Burgett	Independent Member
Mayor Kathy Sajowitz	Mayor Oberon Council - Member
Mayor Ray Thompson	Mayor Lithgow City Council - Member
Gary Wallace	General Manager Oberon Council
Lynette Safranek	Finance & Community Services Director Oberon Council
Graham Faulkner	General Manager Lithgow City Council
Ross Gurney	Chief Financial and Information Officer Lithgow Council
Leanne Smith	External Auditor - Intentus
Gabriel Faponle	Crowe Horwath – Telephone link in
Trinity Newton	Secretariat – Lithgow Council

3. Apologies

Karen Taylor – Audit Office

4. Declarations of Interest

Nil

5. Confirmation of minutes of previous meeting.

The Minutes of the CTA Audit Committee Meeting held on 13 December 2018 were confirmed. The minutes will be presented to the March Council meetings to be accepted by both Oberon and Lithgow Councils.

6. Business Arising and Action List

- Refer 13 December 2018 Minutes

Review of Actions:

- Funding opportunities and budget requirements (Ross & Lynette) – discussions are ongoing.
- Oberon – still working through the budget process and will be recommended to Council that funds are allocated in the budget for Internal Audit. The estimated completion to be the June meeting.

- Chairman's Report was amended and circulated to the Committee.
- Lithgow Council's audit management letter was received in February 2019. Both Councils have distributed their management letters to external members. Item to be discussed in point 8 of this agenda.

7. Combined Councils

- **The work Plan for the Centium Project and Contract Management Internal Audit (Lynette Safranek & Ross Gurney)**

Discussion of the work plan from Centium.

Both Councils have provided requested documents. Centium will be attending both Councils next week for the field work phase of the audit.

Work plan will be adhered to – presently on track. The audit deliverables include presentation of the reports to the June meeting.

Samples of three projects of varying size and scale were selected for audit by Centium.

THAT Work Plan for the Centium Project and Contract Management Internal Audit was reviewed and noted by the Committee.

MOVED: Phillip Burgett

SECONDED: Neil Maltby

CARRIED

8. Oberon Council

- **External Audit Progress (Intentus)**

Initial interim visit was completed recently and went well. There were no significant matters arising. There were a number of IT issues raised previously which were reviewed and other IT related issues are ongoing due to system constraints. The system is cloud-based and is a fully managed account. The systems are being reviewed and updated over time.

The issues with the IT system provider (Civica) are being addressed and the Audit Office are aware of the issues with Civica as the issues are similar for many councils.

ACTION: An update will be presented at the next meeting.

The Audit Engagement Plan was included in the agenda documents – key issues listed in section 2 (page 1): Information technology, timeliness of financial reporting, management and use of credit cards. These are not necessarily concerns at Oberon but are local government wide. The audit timeline was agreed with Oberon Council Finance staff.

Crown lands cost shifting of land to councils was discussed and the reimbursement for management plan costs was approx. 20%. There is a 2-3 year transition period for the new Crown Lands legislation. Therefore not an urgent issue to be dealt with by end of the financial year.

Lithgow's issue is to align the Crown Land records with Council records. There are differences, for example, in the recording of the different parcels of Crown Land.

THAT the Committee receive and note the Annual Engagement Plan for Oberon Council for 2019

MOVED: Phillip Burgett

SECONDED: Neil Maltby

CARRIED

- **Quarterly Budget Review Statements (Lynette Safranek)**

The Quarter 2 Budget Review Statement have been accepted by Council. Oberon was asked to include the Quarterly Budget Review Statement (full report) for the next quarter, with the inclusion of the tables presented.

ACTION: Quarter 2 Budget Review Statement to be emailed to the Committee.

There is a considerable amount of expenditure expected in the second half of the year. Oberon Council outlined the reasoning behind this being that capital works are completed mainly in the warmer months as it gets too cold in the winter to do road works etc.

THAT Oberon Council's Quarterly Budget Review Statements be received and noted.

MOVED: Phillip Burgett

SECONDED: Neil Maltby

CARRIED

- **2018 Financial Management Letter (Lynette Safranek)**

Last year's financial management letter was tabled – IT is an ongoing issue.

Last year was a successful audit – nil reported issues but need to upgrade IT, business continuity plan are to be worked on this year.

THAT the Oberon Council 2018 Final Management Letter be received and noted and management incorporate any outstanding matters into an Audit Action List to be reported to each meeting of the Committee using the same structure as Lithgow Council.

MOVED: Phillip Burgett

SECONDED: Neil Maltby

CARRIED

Lynette informed the Committee that OC has appointed a new Chief Financial Officer currently on a three month probation. This is a full time position and was previously filled as a contracted position.

9. Lithgow City Council

- **External Audit**

Ross gave advice on the Audit Engagement Plan and will forward the Plan to the Committee members when finalised.

The Interim Audit is scheduled to commence 29 April 2019.

- **2018/19 Quarter Two Budget Review Report with Budget Variations adopted by Council (Ross Gurney)**

Reported Lithgow's projected position as unsatisfactory due to the carryovers added this year and is reporting monthly to the OLG.

Lithgow is taking action to address the position which is outlined in the report.

This report went to the February meeting and was endorsed by Council.

Management is strictly report's Council projected financial position it as it is and in accordance with the regulation.

Leanne advised that the Audit Office have started doing data visualisations and rankings which is much more current than the OLG data.

The Local Government 2018 Interactive Data Tool can be accessed via this link -

<https://www.audit.nsw.gov.au/report-on-local-government-2018-interactive-data-tool>

THAT the LG Interactive Data Tool be noted and the letter to the OLG be circulated to the Committee on a quarterly basis.

MOVED: Neil Maltby

SECONDED: Phillip Burgett

CARRIED

Phil asked if the \$300,000 carryovers is usual for LCC.

LCC gave advice that historically there have been operating carryovers but this practice is being changed. With capital projects, the issue is changing the mindset of the directors to budget for when the funds are spent. Zero based budgeting has also been introduced.

Special Rate Variation (SRV) – was discussed. The Committee was informed of the SRV application and the recent submissions in relation to this. The Committee were notified the actual increase is 4.23% on last year's rates plus rate peg.

THAT 2018/19 Quarter Two Budget Review Report with Budget Variations be received and noted by the Committee

MOVED: Phillip Burgett

SECONDED: Neil Maltby

CARRIED

- **The Final Management Letter for the 2017 /18 audit (Ross Gurney)**

Received in February and the actions have been added to the Action List.

The actions are all on track. The disaster plan testing will be completed by the end of the financial year. A test will be completed internally and a report on the outcome will be placed on a CTA Audit Committee meeting agenda.

THAT the Final Management Letter for the 2017/18 audit be received and noted

MOVED: Phillip Burgett

SECONDED: Neil Maltby

CARRIED

- **The 2018 / 19 Audit Action List (Ross Gurney)**

First point (testing of disaster recovery plan) to be updated for completion April / May.

Interim audit – excessive leave – completion date confirmed

General journal support – completion date confirmed

THAT the 2018/19 Audit Action List for Lithgow City Council be noted and the action due date for item 1 be extended to April or May.

MOVED: Neil Maltby

SECONDED: Phillip Burgett

CARRIED

- **Ross Gurney notes / comments / actions document for the NSW Auditor – General’s Report on Local Government 2018 (Ross Gurney)**

Ross reviewed the NSW Auditor General Report and made notes specifically for LCC Finance Department. Nothing specific for LCC, more general tips and comments.

The Chair raised Page 2 – Committee performance and annual self-assessment on its performance. This was the driving force behind the Chairman’s report being removed.

The Independent Committee Members have met twice and are constantly self-assessing the performance of the Committee.

THAT the information contained in the notes from the NSW Auditor General’s Report on Local Government 2018 be noted.

MOVED: Mayor Ray Thompson

SECONDED: Mayor Kathy Sajowitz

CARRIED

10. Other Matters

Neil tabled an article regarding a meeting on the 2nd April in Dubbo for training for internal auditors.

Lynette will be attending the meeting and it will be coming out of Oberon Budget. Lynette will be providing a report to the next meeting.

11. Next Meeting, Location and Secretariat

13th June 2019 at 10am at Oberon Council and minutes to be taken by Sharon Swanell.

12. Meeting Close

There being no further business the Chairman closed the meeting at 11:05am.

SUMMARY OF ACTIONS

Activity	Responsibility
Ongoing December meeting action - funding opportunities for internal audit and budget requirements	Lynette Safranek Ross Gurney
An update on issues with the Oberon Council's (OC) IT system provider (Civica) to be provided to the next meeting.	Lynette Safranek
Complete OC Quarter 2 Budget Review Statement to be emailed to the Committee.	Lynette Safranek
Oberon Council Audit Action List be reported to the Committee using the same structure as Lithgow City Council (LCC).	Lynette Safranek
LCC letter to the OLG to be sent to the Committee on a quarterly basis.	Ross Gurney
The 2018 / 19 LCC Audit Action List - First point to be updated to April / May.	Ross Gurney