

INTERNAL AUDIT COMMITTEE MEETING

Attached are the Minutes of the meeting of the Internal Audit Committee Meeting held on Wednesday, 27th November 2019.

RECOMMENDATION:

That the Minutes of the Meeting of the Internal Audit Committee held on Wednesday, 27th November 2019 be received and noted and the following recommendations be adopted:

ITEM 4.1 DROUGHT GRANTS EXPENDITURE REVIEW - TENDERING PROCESSES

That Council adopt the two (2) recommendations as part of the Internal Audit Review into Tendering Process.

1. Warren Shire Council should ensure that the OLG Tendering Checklist is used and completed and placed on the relevant tendering file for all tendering processes undertaken by Warren Shire Council.
2. The minimal requirements for tendering are controlled by the Part 7 of the Regulation. Amendments have been made altering the tendering threshold amount. Pursuant to the amended Act and Regulation, any contract with an estimated expenditure or receipt **of an amount of \$250,000 or greater** is subject to the regulatory requirements. Council's Policy currently states that amounts up to and including \$150,000 requires only written quotes and further states that a formal tender process in accordance with the Act is only required for amounts greater than \$250,000. Thus, the Policy needs to be updated to reflect the new tendering amount.

(2)

ITEM 4.2 AUDIT OFFICE OF NSW MANAGEMENT LETTER ON THE AUDIT FOR THE YEAR ENDED 30 JUNE 2019

That the following items from the report was assessed by the Committee and recommendations made.

1. That Council note the recommendations of the NSW Audit Office;
2. That Council is provided with a detailed report from Management to the February 2020 meeting advising Council of the action taken to comply with the recommendations from the Internal Auditor and the NSW Audit Office; and
3. That Council provide a letter to the NSW Audit Office advising of the actions Council has reviewed and enacted.

Issue 1 Information Technology General Controls

1. For those users assigned with 'super user'/ administrator IT access privileges, Council should consider the following controls:
 - audit logs maintained for an appropriate period of time;
 - audit logs secured from amendment or deletion; and
 - privileged access audit logs reviewed regularly by a suitably independent and qualified individual, with appropriate action taken when required.
2. Segregation of duties is critical to effective internal control. To reduce the potential risk of fraud, system access levels of users should be reviewed and altered as appropriate.
3. Council should implement relevant policy and plans. Password parameters in place for each audit relevant system should be reviewed and updated to in accordance with best practice guidelines.

Issue 2 Review of Manual Journals

All journal entries should be supported by appropriate documentation. Manual journals should be independently reviewed and authorised.

Issue 3 Procurement - Tendering

Any departures from normal procurement processes should be documented and approved by Council. Consideration should also be given to budgeted expenditure in the supplier sourcing and selection process.

Issue 4 Procurement - Credit Card Usage

All IT related purchases should involve the Council officer responsible for IT. Ideally, such purchases should involve the use of approved purchase orders.

Issue 5 Tip Remediation Provision

Council should review its obligation to remediate the site and determine the related costs and timing. The potential obligation should be recognised and measured in accordance with Australian Accounting Standards; bearing in mind the materiality of the potential impact on the financial statements.

Issue 6 Non-Compliance with Aspects of the GIPA Act

Council should maintain a GIPA register of all contracts between Council and private sector bodies above \$150,000.

Issue 7 Improvement Opportunities – Governance and Cyber Security

Management should assess the risks arising from the observations above and prioritise the implementation of relevant policies and procedures.

Issue 8 Investment Purchases

We recommend Council review the process of placing new investments, whereby the transfer of funds requires dual password authorisation. Direct debit arrangements should be in place for low value transactions only.

Issue 9 Review of Master-File Changes

The officer carrying out the independent review should indicate which critical changes have been substantiated.

Issue 10 Review of Termination Pay Calculations

All termination payments should be reviewed by an officer independent of the payroll function to ensure their accuracy. This review should be evidenced by way of signature.

Issue 11 Payroll Documentation

To ensure correct costing of employee expenses and reduce the risk of fraud, leave forms should be completed, signed by both the employee and supervisor and received by the Payroll Department prior to each pay run.

Issue 12 Rates Reconciliations

The reconciliations should be formally documented and signed by the preparer and reviewer certifying to their correctness. These reconciliations should be performed on a regular basis.

WARREN SHIRE COUNCIL

Minutes of the Internal Audit Committee Meeting held in
the Council Chambers, 115 Dubbo Street, Warren,
on Wednesday 27th November 2019 commencing at 3.10 pm

PRESENT:

Milton Quigley	Mayor (Chair)
Brett Williamson	Deputy Mayor
Glenn Wilcox	General Manager

ITEM 1 APOLOGIES

Nil.

ITEM 2 CONFIRMATION OF MINUTES OF MEETING HELD ON THE 3RD APRIL 2019.

MOVED Williamson/Quigley that the minutes of the Internal Audit Committee meeting held on Wednesday, 3rd April 2019 be adopted as a true and correct record of that meeting.

Carried

ITEM 3 BUSINESS ARISING FROM MINUTES

Nil.

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ITEM 5 GENERAL BUSINESS

The Committee raised concern that social media has raised items that may have been included in the Audit Reports. That Council should assess records security and personal data and request an Internal Audit Review and that an audit be undertaken that assesses social media content.

There being no further business the meeting closed 4.15 pm.