

Meeting Minutes

Audit Risk and Improvement Committee

Date: 22 February 2019

Start Time: 9.00am

End Time: 11.00am

Location: Federation Council – 100 Edward Street Corowa

Record Ref: 19/6922

Invited Participants: Linda MacRae (Independent Chairperson), Peter McLean (Independent external committee member), Brad Bohun (External Finance Auditor – Crowe Horwath) Kathie Teasedale (Internal Auditor/RSD), Nick Bell (Internal Auditor/RSD), Adrian Butler (Interim General Manager), Kim Parker (Director, Finance and Organisational Development), Kristy Kay (Director Corporate and Community), Heidi Neumeister (Governance Officer), Cr. Miegel, Cr. Wales.

Attendees: Enter the attendees

Apologies: Kristy Kay (Director Corporate and Community), Brad Bohun (External Finance Auditor – Crowe Horwath); Nick Bell (Internal Auditor (RSD)

Purpose: As per Committee Charter

Minutes

Item 1: **Endorse Minutes of meeting held on 19 October 2018** Linda MacRae 5 Mins

Report: The minutes of the previous Meeting held on 19 October 2018 are attached for submission to Council subject to any changes.

Action: *The minutes as drafted were adopted without further changes.*

Moved: Cr. Paul Miegel

Seconded: Peter McLean

Item 2: **Conflicts of Interest** Linda MacRae 5 Mins

Report: Conflicts of Interest to be noted prior to discussion on any agenda items.

Action: *There were no conflicts of interest to declare.*

Item 3: Finance Report and Quarterly Budget Review Report Kim Parker 15 Mins

Report: Report provided on Quarterly Budget Report. The Chair noted that capital works program will place further pressures on the Council in longer term. It was also noted that a water and sewer specialist has now been appointed to develop a program in line with integrated water catchment management planning. The revised 2018/2019 and the 2019/2020 budgets should include a more realistic level of capital expenditure than the Council had been able to actually achieve in recent years.

Action: *The Quarterly Budget Report was noted.*

Moved: Peter McLean

Seconded: Cr. Norm Wales

Item 4: Review of Audit Committee Charter Heidi Neumeister 10 Mins

Report: The committee discussed the draft Audit Risk and Improvement Committee Charter and recommended that minor amendments be made including:

1. In Part 4, an additional item being 4.4.1 with reference to the addition of an attachment clarifying the Committee's role and responsibilities (The Chairperson to draft the 'wording' for this additional item)
2. In 5.1 Include "One council representative formally appointed by Council to coincide with the Mayoral election"
3. In 5.3 add "External Members can be appointed by the Council for up to 3 terms consecutively"
4. In Part 8 expand the section regarding "update on the status of Council's existing audit actions" to state that "new Members appointed to the Committee are to be provided with an update on the status of the internal and external audits and any prior work achieved or outstanding.

Action: *Moved that the Charter be ammended for prior endorsement by the committee prior to submission to Council.*

Moved: Peter McLean

Seconded: Cr. Paul Miegel

Item 5: Update on Procurement and Contract Management and Internal Audit Actions Tony McCarthy / Jennifer Lewis 10 Mins

Report: The Procurement Officer Tony McCarthy and Project Implementation Officer Jennifer Lewis were introduced to the committee. They provided an update on the report as provided including the introduction of the workflow processes within Civica and the electronic system improvements that will support the procurement process. It was noted that training on key areas was to be delivered to all staff responsible for procurement functions.

Jennifer highlighted that upgrades to the platform will see some of the improvements such as electronic workflows become available in April 2019. Most of the documentation and processes have been developed and are ready to be reviewed by the Executive Team. A 'Procurement Charter' is also to be developed to support the Organisation's procurement governance.

The committee was provided with an opportunity to seek clarification on internal processes and risk management.

Action: *The Committee acknowledged the report and that progress is being made in procurement practices. The committee noted that Item 1.1.9 relating to the monitoring of OH & S requirements associated with Contracts and Contractors is still only at 5% complete. The Committee expressed concern at the possible implications for Council of the implementation date for this recommendation being pushed back to September or December 2019 and requested that this matter be given priority for implementation.*

Moved: Cr. Paul Miegel

Seconded: Peter McLean

Item 6: Draft Fraud Control Plan and Policy Kim Parker 10 Mins

Report: The Fraud Control Policy and Framework were provided for comment and noted that these had been finalised for adoption by Council following community consultation.

Action: *It was noted that these documents were considered by the Committee at its Meeting on 19 October 2018 (where minor suggested amendments were discussed) and that these documents have now been adopted by the Council for review in 2 years time.*

Item 7: Environmental Health Audit Report and Management comments Kathie Teasedale 10 Mins

Report: RSD completed a review of Council's Environmental Health processes. Kathie Teasdale (Internal Auditor - RSD) provided an overview on the audit and any proposed actions. Environmental Health Council staff were unavailable to attend. Kathie advised that it was encouraging to see that there were several new processes implemented including the development of the on-site sewage strategy and a culture of embracing training. There is a large schedule of annual health (and other) inspections (required under various Acts of Parliament) to be carried out. However it was identified and there were some staffing issues preventing the full achievement of these inspections. Contractors have been engaged on to assist in the completion of these tasks. A detailed workplan for the 2019-2020 year is being developed which will assist in the timely completion of the many inspections and other processes that the Environmental health Staff are required to undertake.

In 2.1, The Chair noted that additional functions were being placed on Council by State Government relating to the required inspections. This is a 'cost shifting' exercise by the State Government and will require additional resources from Council.

Staff safety (when undertaking inspections) was highlighted as an area requiring greater resourcing and strategies.

Peter McLean noted some higher risk areas e.g. Swimming pool and cooling towers and he requested that Management address all recommendations noted in the report from the Auditor. Food inspections have been given a greater priority due to the potential higher risk with this function to be delivered as a priority.

Action: *Note the report and request that in the Management comment that it be noted whether Management agree or disagree with the recommendation and related comments in all recommendations.*

Moved: Cr. Paul Miegel

Seconded: Peter McLean

Item 8: Recent Reports and Publications of Interest Update Kathie Teasedale 10 Mins

Report: Kathie provided an update on the status of internal audits and highlighted the recent issues that may effect Council.

Action: *Relevant reports were identified for information and discussion.*

Moved: Cr. Norm Wales

Seconded: Peter McLean

Item 9: Committee Training opportunities Heidi Neumeister 5 Mins

Report: LGNSW has provided details of upcoming Audit Risk and Improvement Training to support Councils in implementing the new risk management and internal audit framework.

Action: *Noted and for individual members to attend to themselves.*

Moved: Peter McLean

Seconded: Cr. Norm Wales

Item 10: Forward committee meeting plan Linda MacRae 15 Mins

Report: To consider committees meeting schedule for 2019 and review sample audit plans.

Action: *The Chair indicated that she would draft a set of responsibilities for the next meeting.*

Item 11: Workflow for reports Adrian / Heidi 5 Mins

Report: To consider workflow requirement for internal audit reports.

Action: *Discussion took place on workflow and reporting requirements for consideration for all future reports.*

Item 12: Forward plan for internal audits All 5 Mins

Report: To consider schedule for 2019 internal audits.

Action: The Committee noted the upcoming internal audits scheduled for Committees of Management, IT General Controls, Building Maintenance and Customer service.

Item 13: General Business

Report: The Committee noted that the letter from the Audit Office (External Audit) that identified 11 issues, 3 new issues and 8 repeat issues..

Action: *Final report issued at February 22 Meeting. The Committee noted that Management had agreed to all comments and recommendations made by the Audit Office. It was also noted that the report on the conduct of the audit has been submitted to Council.*

Moved: Peter McLean

Seconded: Cr. Paul Miegel

Item 13: Next meeting 31st^h May