

## Minutes

### Audit Risk and Improvement Committee

13 December, 2019 at 9.00am

Murray Room Federation Council, 100 Edward Street, Corowa NSW 2646

#### ITEM 1. WELCOME, ACKNOWLEDGMENT OF COUNTRY AND APOLOGIES

**Present:**

**Committee members (voting):** Cr. Paul Miegel (Councillor Representative), Linda MacRae (Independent external member and Chairperson), Peter McLean (Independent external Committee member), by phone.

**Committee members (non-voting):** Adrian Butler (General Manager), Jo Shannon (Head of Internal Audit and Director Corporate and Community Services), Heidi Neumeister (Governance Officer).

**Invited Participants:** Mahesh Silva (Internal Auditor and Principal - RSD Audit), Blessing Mendoza (Auditor – RSD Audit), Sean Pye, (External Finance Auditor - Crowe), Sacha Rolph (Senior Auditor – Adviser Support, Audit – Crowe), Fiona Goodman (Risk Management Coordinator).

**Apology:** Tony Cantwell (Project Officer - Risk), Susan Appleyard (Director Development and Environmental Services), Steve Carmichael (Director Engineering Services), Kathie Teasedale (Internal Auditor RSD Audit)

#### 1.1 Disclosures of Interest

**RESOLUTION:**

1. THAT the Committee note that there were no conflicts of interest to declare.

**NOTED**

#### 1.2 Endorse Minutes of previous meeting

Peter McLean (Independent external Committee member) joined the meeting by teleconference.

**RESOLUTION:**

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 17 October 2019 be received and noted as a true and correct copy.

**CARRIED UNANIMOUSLY**

#### 1.3 Annual Meeting Plan

The committee noted the draft Annual Meeting Plan and requested that it be considered a live document with the plan being updated each meeting, referencing the relevant agenda item numbers.

**RESOLUTION:**

1. THAT the Committee note the draft Annual Meeting Plan.
2. THAT the Annual Meeting Plan be distributed to Committee members following final approval.

**CARRIED UNANIMOUSLY**

## **ITEM 2. ANNUAL FINANCIAL STATEMENTS**

Mahesh Silva and Blessing Mendoza joined the meeting by teleconference, however, they were not required.

### **2.1 NSW Audit Office – Closing Reports**

Sean Pye, (External Finance Auditor - Crowe), noted the final Management Letter with comments as read and provided the Committee with a status update on the outstanding items.

Management confirmed acceptance of the recommendations and advised that the implementation of the asset related recommendations could be delayed with the impending retirement of the Council's Asset Specialist. It was confirmed that recruitment will commence early in 2020 for a replacement for this position.

#### **RESOLUTION:**

1. THAT the NSW Audit Office Engagement Closing Reports (Including the final management letter) be noted.
2. THAT steps be taken to finalise all the outstanding items before next year's audit.
3. THAT the Committee be provided with a status report at the February 2020 Meeting regarding the implementation of all the recommendations contained in the 2018/2019 Audit Management Letter.
4. THAT a Workplan for the preparation of 2019/2020 EOFY statements be provided for the February 2020 meeting.
5. THAT the Committee be provided with a specific report regarding the Asset related issues at the May 2020 meeting.
6. THAT a high level report on excess annual leave be provided to the Committee provided for the May 2020 meeting.
7. THAT a high level plan detailing steps (including resources) required for Council to adopt any new Australian Accounting Standards relevant to the 2019/2020 financial year be provided to Council and the Committee at the May 2020 meeting.

**CARRIED UNANIMOUSLY**

## **ITEM 3. FINANCIAL MANAGEMENT**

### **3.1 Quarterly Review Budget Statement**

The Committee discussed issues impacting on the budget and future challenges.

#### **RESOLUTION:**

1. THAT the Committee note the report pursuant to the Local Government Act detailing Council's estimated financial position at 30 September 2020.

**CARRIED UNANIMOUSLY**

Sean Pye and Sacha Rolph left the meeting.

## **ITEM 4. GENERAL REPORTS**

### **4.1 Risk Management Internal Audit Framework released**

The Committee noted the draft Risk Management Internal Audit Framework and the requirements for all local Councils, regardless of size. It was also noted that Council has already established its Audit Risk and Improvement Committee which is operating in accordance with many of the guidelines proposed.

#### **RESOLUTION:**

1. THAT the Committee note the Risk Management Internal Audit Framework.
2. That Council's final submission (due 31 December 2019) be circulated to Committee members when complete.

**CARRIED UNANIMOUSLY**

## **ITEM 5. INTERNAL AUDIT**

### **5.1 Customer Service and Complaints Management – New report**

The Director Corporate and Community Services provided an update of the status of the draft report received noting that management comments are yet to be finalised.

This final report will be presented at the next Committee meeting.

#### **RESOLUTION:**

1. THAT the Committee note the status of the audit.
2. THAT an update with final management comments to be provided at the next meeting.

**CARRIED UNANIMOUSLY**

### **5.2 Section 355 report – Update on actions**

Management confirmed that the recommendations from the recent internal audit and the merger funded review had been consolidated into an improvement plan with appropriate timeframes for completion of improvement actions.

#### **RESOLUTION:**

1. THAT the Committee note the draft S355 Committee improvement plan.

**CARRIED UNANIMOUSLY**

### **5.3 Environmental Health Report – Update on actions**

In the Director Development and Environmental Services absence, an update on the status of the actions from the Environmental Health internal audit was presented to the Committee by the General Manager and the Director Corporate and Community Services.

#### **RESOLUTION:**

1. THAT the Committee note the update to the actions.
2. THAT an update be provided at the next meeting.

**CARRIED UNANIMOUSLY**

#### **5.4 Waste and Landfill – Update on actions**

In the Director of Engineering's absence the General Manager provided a verbal overview of the Waste and Landfill audit actions to the Committee.

**RESOLUTION:**

1. THAT the Committee note the update to the audit actions.
2. THAT an update be provided at the next meeting.

**CARRIED UNANIMOUSLY**

#### **5.5 IT Controls report – Update on actions**

The Director Corporate and Community Services provided an update on the IT Controls internal audit conducted in March 2019.

**RESOLUTION:**

1. THAT the Committee note the update to the audit actions.
2. THAT an update be provided at the next meeting.

**CARRIED UNANIMOUSLY**

#### **5.6 Procurement – Update on actions**

The Director Corporate and Community Services, provided a verbal update on the Procurement internal audit conducted in November 2017.

**RESOLUTION:**

1. THAT the Committee note the update to the audit actions.
2. THAT an update be provided at the next meeting to highlight various components and highest risk areas by the next meeting.
3. THAT the Committee be provided with a schedule of the status of outstanding audit actions (relating to internal audit and external audit reports) at each Audit Committee Meeting.

**CARRIED UNANIMOUSLY**

#### **5.7 Rolling 3 year forward plan**

The committee reviewed the rolling 3 year Plan 2020-2022.

**RESOLUTION:**

1. THAT the Committee note the draft 3 year forward plan.
2. THAT the council executive liaise with RSD Audit to finalise priorities for 2020.

**CARRIED UNANIMOUSLY**

## **5.8 IA Progress Report and Recent Reports and Publications of Interest – October 2019**

The Committee noted the IA Progress Report update and discussed the publications and case studies provided by RSD.

### **RESOLUTION:**

1. THAT the Committee note the report and publications for discussion and relevance in the context of Federation Council.

**NOTED**

## **ITEM 6. CONFIDENTIAL REPORTS**

### **6.1 Update on Legal matters**

There were no further updates to legal matters. The General Manager and Director Corporate and Community Services provided a brief verbal update on existing matters for the Committees information.

### **RESOLUTION:**

1. THAT the Committee note that there were no further updates to legal matters.

**NOTED**

### **6.2 Risk Management / Incident Reporting**

The Risk Management Adviser provided a presentation on the current risk framework and challenges for Federation Council. The presentation provided some background on council's insurance cover and current audit results from 2019. Some early data provided an overview of incidents reported by event type for the Council.

Some improvements gained include:

- Formation of Asset Management committee
- Formation of Procurement committee
- Formation and facilitation of election of new members for the WHS Committee
- Development of WHS policies and Procedures

Further actions required to be undertaken to achieve greater improvement were identified and discussed with the committee.

### **RESOLUTION:**

1. THAT the Committee note the update.
2. THAT an update be provided at the next meeting.
3. THAT training be made available for Councillors.

**CARRIED UNANIMOUSLY**

## **ITEM 7. GENERAL BUSINESS**

### **7.1 Other General Business**

There were no items of general business.

## **ITEM 8. NEXT MEETING**

Future meeting dates were tentatively scheduled for the following dates:

Friday 28 February 2020

Friday 29 May 2020

Friday 21 August 2020

Friday 16 October 2020 – (Financial Statements)

The meeting closed at 11.20am