

Notice of Meeting

Audit Risk and Improvement Committee

Friday, 29 May 2020
Meeting commenced at 10.04am
Via videoconference

ITEM 1. Welcome, Acknowledgment of Country and Apologies

Present:

Members: Linda MacRae (Independent external member and Chairperson), Cr. Paul Miegel (Councillor Representative) Cr. Norm Wales (Alternate Councillor representative), Peter McLean (Independent external Committee member).

Attendee (non-voting): Adrian Butler (General Manager), Jo Shannon (Head of Internal Audit and Director Corporate and Community Services)

Invited Participants: Brad Bohun (External Finance Auditor - Crowe Horwath), Sean Pye (External Finance Auditor - Crowe Horwath), Kathie Teasdale (Internal Auditor – RSD Audit), Susan Appleyard (Director Development and Environmental Services), Steve Carmichael (Director Engineering Services), Heidi Neumeister (Governance Officer), Shane Norman (Finance Manager), Fiona Goodman (Risk Management Coordinator)

Apologies: Brad Bohun (External Finance Auditor – Crowe Horwath), Sean Pye (External Finance Auditor- Crowe Horwath), Susan Appleyard (Director Development and Environmental Services), Steve Carmichael (Director Engineering Services), Fiona Goodman (Risk Management Coordinator)

1.1 Disclosures of Interest

RESOLUTION:

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

NOTED

1.2 Endorse Minutes of previous meeting

RESOLUTION:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 28 February 2020 be received and noted as a true and correct copy.

CARRIED UNANIMOUSLY

1.3 Audit Risk and Improvement Committee Meeting actions report

The Committee noted the Audit Risk and Improvement Meeting Actions report. The DCCS advised that the WHS report had not been updated for the progress on actions due to unplanned leave and that this would be updated for the next meeting.

RESOLUTION:

1. THAT the Committee note the ARIC Meeting Actions Report.
2. THAT the Committee consider the updated WHS report at the next meeting.

CARRIED UNANIMOUSLY

ITEM 2. ANNUAL FINANCIAL STATEMENTS

2.1 Final Management letter – update on status of actions

The Manager Finance advised that implementation of the Audit Office recommendations are underway and are on track for completion in accordance with the original timelines.

RESOLUTION:

1. THAT the Committee note the update on the status of the external audit actions as per the attached report.

NOTED

ITEM 2. FINANCIAL MANAGEMENT

3.1 Quarterly Budget Review Statement

The Committee was advised that the Quarterly Budget Review Statement for the March 2020 Quarter is being finalised following consideration of the impacts of Covid-19 and will be presented to Council at its meeting on 23 June 2020.

RESOLUTION:

1. THAT the Committee note the impacts of Covid-19 on finalising the Council's Quarterly Budget Review Statement for the March 2020 quarter.

NOTED

3.2 Cashflow

The Committee was advised of Council's current Cash position as at 30 April 2020 and noted that Council and management are monitoring this very closely.

RESOLUTION:

1. THAT the Committee note the Cashflow report at 30 April 2020.

NOTED

3.3 Asset Management Plan / Long Term Financial Plan project

The Committee was advised of the ongoing developments in relation to Council's Asset Management Plan and Long Term Financial Plan project and the challenges impacting on the project. Work is progressing on the finalisation of the Long Term Financial Plan and final adoption by Council is expected to occur in July 2020 with continued work being done on the Asset Management Plan.

RESOLUTION:

1. THAT the Committee note the extensive work that has been undertaken on the Asset Management Plan / Long Term Financial Plan and its progression towards completion in July 2020.

NOTED

ITEM 4. GENERAL REPORTS

The General Manager joined the meeting at 10.35am.

4.1 Annual review of Internal Auditor

The Committee reviewed the feedback report from stakeholders on the performance of the Internal Auditor.

RESOLUTION:

1. THAT the Committee note the feedback received and actions for consideration.

NOTED

4.2 COVID-19 response

The Committee discussed Council's response to COVID-19 and the impacts on Council services and resources.

RESOLUTION:

1. THAT the Committee note Council's detailed response to the COVID-19 pandemic and acknowledge the work undertaken by staff involved in this response.

NOTED

4.3 Procurement Policy

The Committee was provided with a copy of Council's current Procurement Policy as adopted by Council in November 2019. The Chair noted that in respect of 'Purchasing and Quotation Requirements', Section 4.7.3, that there was no requirement stated that quotations should be provided in writing. It was requested that this be included in future Policy updates. The DCCS advised that in practice it is expected that such quotations be in a written form, particularly those that required a minimum of 2 quotations. Also relating to Section 4.7.3, Peter McLean raised the possibility of considering having lower thresholds to prevent staff inadvertently exceeding the minimum statutory thresholds.

RESOLUTION:

1. THAT the Committee note the Policy and suggested amendments.

NOTED

4.4 Investment Policy

The Committee was provided with a copy of Council's current Investment Policy as adopted by Council in August 2016. This Policy is scheduled for review in coming months. It was suggested that the updated Policy refer to the relevant Ministerial and ASIC Guidelines and take into account the current financial climate.

RESOLUTION:

1. THAT the Committee note the current Investment Policy.
2. THAT the Policy be updated in line with relevant Ministerial and ASIC Guidelines and the current financial climate.
3. THAT an updated policy be provided to the Committee at the meeting in December 2020.

CARRIED UNANIMOUSLY

ITEM 5. INTERNAL AUDIT PROGRESS REPORTS

5.1 Internal Audit progress report and Customer Service and Complaints Management Report

An update on the status of the completed (7 in total) Internal Audits was provided to the committee.

It was noted that the final copy of the 'Customer Service and Complaints Management' Internal Audit Report was received, out of session, by the Audit Committee members. The Committee noted that significant progress had been made to date in implementing the recommendations contained in the Report. Kathie Teasdale (RSD Audit) provided further clarification of the report and recommendations provided.

RESOLUTION:

1. THAT the Committee note the progress report on actions from the seven completed Internal Audits
2. THAT the Committee note the Customer Service and Complaints Management Internal Audit Report and management responses.

NOTED

5.2 Rolling 3 year forward plan

The Committee discussed the options available and the cost estimates received for the proposed improvement projects to replace the Building and Maintenance Internal Audit. It was agreed that the Head of Internal Audit (the DCCS) and the Internal Auditor would discuss appropriate options with a view to undertake the following:

1. Fraud Training – remotely delivery (including preparation time, presentation time with 3 separate sessions and debrief with management)
2. Detailed review of landfill rehabilitation reserve accounting.

RESOLUTION:

1. THAT the Committee note the options being considered for the proposed 'Improvement Project' to be undertaken by the Internal Auditor and that an update be provided at the next meeting on the Project that was undertaken.

CARRIED UNANIMOUSLY

5.3 IA Progress Report and Recent Reports and Publications of Interest

The Committee received the recent reports and publications of interest provided.

The Internal Auditor advised that the Internal Audit contract has now expired. The Committee also noted that the forward Internal Audit schedule is also subject to 6.3, Internal Audit Contract Renewal. The Committee extended its thanks and appreciation for the work conducted by the Audit Team at RSD Audit throughout the contract period.

RESOLUTION:

1. THAT the Committee note the publications of interest received.
2. That the Committee note the work undertaken by RSD Audit during the term of the Internal Audit Contract.

NOTED

ITEM 6. CONFIDENTIAL REPORTS

6.1 Update on Legal matters

The General Manager provided a verbal update to the Committee regarding current legal matters.

RESOLUTION:

1. THAT the Committee note the report regarding current legal issues as provided verbally by the General Manager.

NOTED

6.2 Reporting on Excess Leave

The Committee was provided with a report (with staff personal information redacted) on excess annual leave. Further information was provided regarding the calculation of the leave. It was noted that there are challenges that impact on reducing staff annual leave balances.

RESOLUTION:

1. THAT the Committee note the report.

NOTED

6.4 Update on any incidents related to fraud

There were no incidents of concern related to fraud.

RESOLUTION:

1. THAT the Committee note the current status.

NOTED

6.5 Review of policies

The Annual Meeting Plan includes provision for the Committee to ensure that the Council has robust policies and procedures in place. The following policies and procedures were provided for the Committee in accordance with the Annual Meeting Plan.

Item	Policies	Procedures
Fraud Control Framework	Fraud and Corruption Control Policy 18/31761	Fraud control procedures (still in draft in the system)
Asset Management	TBA	
Use of IT and Social Media	19/34181 Use of Information Systems policy V1.3 Social Media Policy 16/10814 Media Policy and Protocols 16/10816	There are several Cheat Sheets in the system that support staff with the requirements in relation to Use of Information systems and records management.
Investment Policy	Adopted August 2016	Adopted August 2016
Procurement	Adopted November 2019	In draft

RESOLUTION:

1. THAT the Committee note the status of Council's relevant policies and procedures.

NOTED

ITEM 7. GENERAL BUSINESS

7.1 Managing Corrupt Conduct during the COVID-19 outbreak

The Committee discussed the advice from the NSW Independent Commission Against Corruption (ICAC)

RESOLUTION:

1. THAT the Committee note the publication from ICAC and the activities undertaken as a response to this and as noted in Item 4.2.

NOTED

7.2 Deferral of risk items to future Audit Committee meeting

The Committee was advised about scheduled agenda items that were not included for this meeting due to resources being redirected to respond to the COVID-19 pandemic. These items will be rescheduled.

These agenda items are:

- Update on Risk profile - to review Council's risk profile to ensure that its strategic and operational risks are dealt with appropriately.
- Business Continuity Plan status update - To provide a status update of Council's Business Continuity and Disaster planning at least annually inclusive of testing.
- Update on ICT Systems and any risks - To receive any updates on any incidents related to ICT systems and any associated risks.

- Update on service reviews - To receive any updates on any service reviews being implemented and any short, medium or long term implications.
- Update on compliance / non-compliance – To receive matters impacting on compliance

RESOLUTION:

1. THAT the items noted be rescheduled for the next meeting to be held in August 2020.

CARRIED UNANIMOUSLY

Kathie Teasdale (Internal Auditor) left the meeting.

7.3 Internal Auditor Contract Renewal

The Committee considered the forward Internal Audit Contract requirements and associated budget.

RESOLUTION

1. THAT the new Internal Audit Contract be sought with consideration given to the specific needs of the Council regarding budget allocation; the provision of the number of Internal Audits and internal resources required as well as the NSW legislative requirements.

CARRIED UNANIMOUSLY

7.4 Other General Business

EPA Formal Warning

DCCS advised the Committee that in recent days a formal warning had been issued to Council in relation to management of asbestos at the Corowa landfill. This warning relates to the verbal update provided at the February 2020 Committee meeting, when it was advised that Council officers were working with the EPA to improve asbestos management practices. It is understood that the improvements have now been made. An update was requested at the next Audit Committee Meeting in August 2020.

Duress alarm

Cr Wales queried the provision of duress alarms at Customer Service Centres and the process for notification. The new processes were explained and it was also noted that the Customer Service Centres are currently closed to customers.

No further action required.

ITEM 8. NEXT MEETING

8.1 Next Meeting

Future meeting dates were agreed for the following dates:

Friday 21 August 2020 10.00am confirmed

Friday 16 October 2020 10.00am confirmed – (Financial Statements)

The meeting closed at 11.55am.