

Minutes

Audit Risk and Improvement Committee

15 October 2021 at 10.00am

Via Videoconference and Murray Room Corowa Civic Centre

Welcome, Acknowledgment of Country and Apologies - 10.00am.

Present:

Members: Linda MacRae (Independent external member and Chairperson), Cr. Paul Miegel (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), Brad Bohun (External Auditor – Crowe), Heidi Neumeister (Governance Officer), Shane Norman (Finance Manager), Fiona Goodman (Risk Management Coordinator), Susan Appleyard (Director Development and Environmental Services).

Apologies: Steve Carmichael, Director Engineering Services.

Purpose: As per Committee Terms of Reference 17/13884

Note: The order of items are recorded in the order in which they were presented at the meeting.

ITEM 1. Governance - 10.00am.

1.1 Apologies – 10.00am

To receive any apologies for the meeting.

RESOLUTION:

1. THAT any apologies ben noted.

CARRIED

1.2 Disclosures of Interest

To receive disclosures of any conflicts of interest with items on the agenda from attendees.

RESOLUTION:

1. THAT the Committee note that there were no disclosures received.

CARRIED

1.3 Pecuniary Interest Returns

Part 4 of the *Model Code of conduct for Local Councils in NSW (2018)* requires a councillor or a designated person to complete and lodge with the general manager a return disclosing his or her pecuniary interests.

Council has identified that Independent members of our Audit Committee as Designated Persons for the purposes of Part 4 of the Model Code of Conduct.

Disclosures of interests are required to be submitted within 3 months after:

- 30 June each year for the 12 months period up to 30 June in the year requested
- becoming a councillor or designated person and
- becoming aware of an interest they are required to disclose.

Forms are required to be returned no later than 30 September and have been received by both Independent Committee Members.

RESOLUTION:

1. THAT the Committee note that Pecuniary Interest Returns of Independent Committee members have been submitted in accordance with the Model Code of Conduct.

CARRIED

1.4 Endorse Minutes of previous meeting

The Minutes of the meeting held on 03 September 2021 are submitted for the Committee to endorse as being a true and correct copy. Draft minutes of the meeting will be noted at the Ordinary meeting of Council on 19 October 2021

RESOLUTION:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 03 September 2021 be received as read and noted as a true and correct copy.

CARRIED

1.5 Audit Risk and Improvement Committee Meeting actions report

The Audit Risk and Improvement Committee meetings actions report identifies actions arising from ARIC meetings and progress made on completing the actions. The updated report was provided to the Committee for review.

RESOLUTION:

1. THAT the Audit Committee Meeting Actions report be noted.

CARRIED

Brad Bohun joined the meeting at 10.05am

Adrian Butler joined the meeting at 10.07am

ITEM 2. ANNUAL FINANCIAL STATEMENTS – 10.10am

2.1 Annual Financial Statements for the year ending 30 June 2021

Council is required to prepare financial statements each financial year. Council officers have been working with Council's external auditors Crowe, to finalise the preparation of financial statements for the year ended 30 June 2021 to enable Council to authorise the financial statements at its meeting to be held on 19 October 2021.

Brad Bohun, Crowe Albury, provided a brief summary of the audit progress and Council's financial performance for the year. He provided clarification on the questions raised by the Committee.

The Committee considered whether there was a need for a closed 'in-camera' discussion of any matters with only the Committee members of the Audit, Risk and Improvement Committee present. On enquiry from the Chair, Mr Bohun advised that there were no matters of concern that he felt necessary to raise in a confidential session. Based on this the Committee agreed that it was not necessary to conduct an in camera session.

The External Auditor expressed his appreciation of Finance team members for their cooperation and the improvements being made to the reporting framework. This was also recognised by the Chair and reiterated by Cr. Miegel.

RESOLUTION:

1. THAT the report on progress of completion of the Annual Financial Statements (3 documents received from External Auditors) for Federation Council as at 30 June 2021 be taken as read and noted; and
2. THAT the Audit Committee consider the Annual Financial Statements and recommend them to Council for adoption at its meeting on 19 October 2021.
3. THAT the Committee express its appreciation and thanks to the External Auditor and to all staff involved in the preparation of the Annual Financial Statements.

CARRIED

Brad Bohun left the meeting at 10.40am

ITEM 3. FINANCIAL MANAGEMENT – 10.43am

3.1 Borrowings

Following discussion at the September 2021 ARIC meeting, a report was prepared for the Committee to provide them with an update on Council's internal borrowings application.

RESOLUTION:

1. THAT The Committee note the report as presented.

CARRIED

General reports

ITEM 4. REPORTING - INTERNAL AUDIT – 10.45am

4.1 Internal Audit actions update

The Internal Audit actions report provides a summary of improvements recommended from internal audits and progress on implementing the recommendations.

There have been no new internal audits undertaken since the last report.

The updated report was provided to the Committee for review and comment.

RESOLUTION:

1. The committee noted the updated Audit Internal and External Actions report be noted.
2. That all actions be reviewed and
 - assessed for current relevance,
 - removed from the list if unable to be achieved, with reasons noted and acceptance of risk and
 - revised target dates be included in the report for the next meeting in December.

CARRIED

ITEM 5. CONFIDENTIAL REPORTS – 11.03am

5.1 Update on legal matters

To receive any updates on legal matters.

The General Manager reported to the Committee on the status of the DA 2020/162 - Redlands and Cemetery Roads Corowa - Residential Subdivision at the last Audit Committee meeting and it was determined that a further update be provided at the next Audit Committee meeting.

Note that this was intended to be the December meeting, and it is likely a further update will be provided at that meeting, because by then the Court Case will likely have been determined. The General Manager and Director of Development and Environmental Services provided a brief update to the Committee that the proceedings had finalised and the matter was with the commissioner for determination, and it was likely to be within weeks.

RESOLUTION:

1. THAT the update on legal matters pertaining as advised by the General Manager and Director of Development and Environmental Services be noted.

CARRIED

5.2 New Audit and Risk Management framework

At the ARIC Meeting held on 3 September 2021 the Committee considered the new 'Internal Audit and Risk Management Framework' proposed for NSW Councils. The Committee considered the original proposals in 2020 and expressed some concerns regarding several of these - Council subsequently forwarded a submission outlining these concerns.

The 'Final Draft' has now been received with submissions sought by 26 November 2021.

There have been some significant changes /concessions made from the original draft relating to transition timelines; independent member payments, qualifications and experience; risk management; internal audit and the implementation timeline.

A key considerations report was provided to the Committee for feedback to enable a submission to be prepared by the due date of 26 November 2021.

RESOLUTION:

1. THAT the Committee note the key points for consideration and support the preparation of a response to OLG.
2. THAT Council's response reiterate its position that Councillors should be a formal member of the Committee as Council must have ownership of the committee.
3. THAT the submission be provided to the OLG by the due date of 26 November 2021.

CARRIED

ITEM 6. GENERAL BUSINESS – 11.25am

There were no further items of business to report.

ITEM 7. NEXT MEETING – 11.26am

The next meeting is scheduled to be held on Friday 10 December at 10.00am.

Note that Cr. Miegel may be an apology.

Meeting closed at 11.30am

Endorsed by ARIC Committee at its 10 December meeting as a true and correct copy.