

Minutes

Audit Risk and Improvement Committee

10 December 2021 at 10.00am

WELCOME, ACKNOWLEDGEMENT OF COUNTRY - 10.00am

Present:

Members: Linda MacRae (Independent external member and Chairperson), Peter McLean (Independent external committee member).

Attendee (non-voting): Jo Shannon (Head of Internal Audit and Director Corporate and Community Services).

Invited Participants: Carolyn Rosetta-Walsh (Adams Kenneally White), Susan Appleyard (Director Development and Environmental Services), Heidi Neumeister (Governance Officer), Shane Norman (Finance Manager),

Apology: Councillor Representative (pending Council elections), Steve Carmichael (Director Engineering Services Fiona Goodman (Risk Management Coordinator), Adrian Butler (General Manager), Sean Pye (External Auditor - Crowe).

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 – 10.01am

1.1 Apologies – 10.01am

To receive any apologies from attendees.

RESOLUTION:

1. THAT any apologies be accepted and noted.

CARRIED

1.2 Disclosures of Interest – 10.01am

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

RESOLUTION:

1. THAT any disclosures be noted.

CARRIED

1.3 Endorse Minutes of previous meeting – 10.02am

The Minutes of the meeting held on 15 October 2021 were submitted for the Committee to endorse as being a true and correct copy.

Draft minutes of the meeting were noted at the Ordinary meeting of Council on 15 November 2021.

RESOLUTION:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 15 October 2021 be received and noted as a true and correct copy subject to the correction of a minor grammatical change on page 15.

CARRIED

1.4 Audit Risk and Improvement Committee Meeting actions report

The Audit Risk and Improvement Committee meetings identify improvement actions to be undertaken.

At the last ARIC meeting it was determined 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
- revised target dates be included in the report for the next meeting in December.

This revised audit actions report has been reviewed with these considerations in mind.

RESOLUTION:

1. THAT the Committee note the Actions report for November 2021.

CARRIED

1.5 Review of Committee Work Plan – 10.05am

The Committee charter requires that the Committee review its workplan annually.

The workplan is also a requirement of the proposed new Risk Management and Internal Audit framework, which when fully operational will require:

1. A strategic plan to be developed every four years to ensure that all the matters listed in section 428A of the Local Government Act are reviewed by the Committee and internal audit function over each council term.
2. An annual workplan to guide its work over the forward year.

The Committee discussed the revised workplan and the proposed amendments to legislation and guidelines which have been considered in the revised workplan.

RESOLUTION:

1. THAT the Committee note the revised annual work plan and review as needed to ensure any changes with the new legislation and guidelines are accurately reflected.
2. That the status of Council's Disaster Recovery and Business Continuity Plans be provided at the next meeting.

CARRIED

1.6 Review of Schedule of Responsibilities – 10.08am

The Committee Charter requires that the Schedule of Responsibilities is reviewed at least once annually and this is also reviewed as part of the Committee Charter which is scheduled for review in early 2022 following the new Council being elected.

The Committee discussed the requirement to ensure any amendments to the Schedule of Responsibilities take into account any changes in accordance with the new legislation and guidelines.

RESOLUTION:

1. THAT the Committee note the changes to the Schedule of Responsibilities and update this as required in accordance with any changes to the legislation and guidelines.
2. THAT the Committee schedule the review to coincide with the review of the Committee Charter.

CARRIED

1.7 Renewal of Chair's term – 10.10am

The Committee discussed the requirement to facilitate a renewal of the independent member's term in accordance with the Charter. Both independent members were appointed in August 2017 for a period of three years. This was extended by agreement with both parties until March 2022.

The current ARIC Charter enables the independent members to be appointed for a term of council after which they will be eligible for extension or re-appointment following a formal review of their performance and public EOI process.

Under the proposed new guidelines Councils will have until 2027 to ensure ARIC membership complies with the guidelines. This allows councils to transition into the new membership requirements as and when membership of existing ARICs expire.

RESOLUTION:

1. THAT the Committee note the report and refer back to management for an amended timeline.

CARRIED

ITEM 2. ANNUAL FINANCIAL STATEMENTS – 10.20am

2.1 Annual Financial Statements for the year ending 30 June 2021 – 10.20am

Annual financial statements for the year ending 30 June 2021 were considered by the Committee at its last meeting and presented to Council for endorsement and authority to sign at its meeting on 19 October 2021. A clear audit opinion was issued on 31 October 2021.

Brad Bohun, from Crowe Albury, presented the Report on the Conduct of the Audit at the Council meeting on 16 November 2021.

The financial statements were included in the Annual Report which was uploaded to Council's website by the 30 November deadline.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

ITEM 3. FINANCIAL MANAGEMENT – 10.24am

3.1 Quarterly Budget Review Statement – 10.24am

A Quarterly Budget Review Statement was presented for Council consideration at its meeting on 16 November 2021. The report is also provided to the Audit Committee for consideration.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

3.2 Capital Expenditure Review – 10.32am

NSW Government requires Councils to undertake a comprehensive review process when committing to major infrastructure projects.

A Capital Expenditure Review for the Corowa Saleyards upgrade was prepared and submitted to Council in April 2021. The Office of Local Government (OLG) was notified in accordance with the Capital Expenditure Guidelines issued pursuant to section 23A of the *Local Government Act 1993*.

OLG have formally responded and a response has been prepared from Council.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

General reports

ITEM 4. REPORTING - INTERNAL AUDIT – 10.42am

4.1 Internal Audit reports actions update – 10.42am

The outstanding internal audit actions report provides oversight of the internal audits conducted and the progress in addressing any agreed recommendations and improvement actions. The Committee discussed the items that had not been able to be progressed due to a range of factors. It was determined that management was to bring forward a plan to address the outstanding actions at the next meeting.

The report on outstanding Internal Audit actions and a plan to address outstanding actions was provided to the Committee to review and endorse subject to any changes.

RESOLUTION:

1. THAT the Committee note the report and request that a report be provided to the Committee on the status of the fraud control policy at the next meeting.

CARRIED

4.2 Rolling 3 year forward plan – 10.50am

The status of the 3 year forward plan was discussed with the impacts of COVID-19 and local government elections on 4 December 2021 inclusive of preparations for the outgoing Council as well as the new incoming Council.

RESOLUTION:

1. THAT the Committee note the report and request that management develop a 3 year plan in conjunction with the internal auditors and submit their draft plan to the Committee Members for consideration prior (out of session) to the next meeting.

CARRIED

4.3 Gifts and Benefits Register – 10.58am

The Gifts and Benefits register is to be reviewed annually as per the Committee Work Plan and ensures oversight of the Council's processes for managing Gifts and Benefits received in accordance with the Code of Conduct.

The Committee received an update on the awareness activities undertaken at the recent Leadership Group meeting on 1 December 2021 and they were provided with a copy of the Gifts and Benefits register.

RESOLUTION:

1. THAT the Committee note the report on the Gifts and Benefits Register.

CARRIED

4.4 Credit Card expenditure- 10.59am

The Committee is required to review credit card expenditure and assurance that Council's credit card management is being conducted in accordance with the NSW Audit Office's report Credit card management in Local Government issued in September 2020.

Council's Credit Card policy is reviewed biennially and the register is reviewed annually. Both were provided for the Committee and were reviewed in relation to the New South Wales Auditor-General report into credit card management in local government in September 2020.

Guidelines on the use and management of credit cards were issued in September 2021 under section 23a of the *Local Government Act 1993*. A review of the new guidelines against the existing policy and procedures is currently being undertaken. A report will be provided to ARIC in early 2022.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

4.5 IA Progress Report and Recent Reports and Publications of Interest – 11.15am

The Committee discussed some publications and items of interest from Adams Kenneally White including:

1. The IIA response to the NSW OLG Risk & Internal audit guidelines framework
2. The OLG summary of complaints for 2020-2021

RESOLUTION:

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

CARRIED

ITEM 5. CONFIDENTIAL REPORTS – 11.18am

5.1 Update on service reviews – 11.18am

There was no further update on this item.

5.2 Update on legal matters – 11.20am

An update was provided on legal matters pertaining to the DA 2020/162 - Redlands and Cemetery Roads Corowa - Residential Subdivision.

RESOLUTION:

1. THAT the Committee note the update on legal matters as presented by the Director Development and Environmental Services.

CARRIED

5.3 Update on any incidents related to fraud – 11.23am

There were no incidents related to fraud to report. An update was provided on a recent Corruption Prevention forum facilitated by ICAC and the key learnings for agencies. A copy of the presentations were provided for the Committees information.

RESOLUTION:

1. THAT the Committee note the report and attachments.

CARRIED

5.4 WHS Incident reporting Nov 2021 – 11.26am

The Committee received an update on WHS incidents.

RESOLUTION:

1. THAT the Committee note the updated WHS incident report and request that further detail to be provided at the next meeting regarding the vehicle, plant and other incidents.
2. THAT the Committee's appreciation be forwarded to the Risk Management Coordinator for the work carried out and the improvements made to the preparation of the Incident Reports.

CARRIED

5.5 New Risk Management and Internal Audit framework – 11.30am

The 'Final Draft' Guidelines for Risk Management and Internal Audit for Local Councils in NSW was issued by the Office of Local Government (OLG) and required submissions by 26 November 2021.

Council's final submission was provided to OLG by the due date of 26 November 2021.

RESOLUTION:

1. THAT the Committee note the final submission sent to OLG.
2. THAT the Committee note the guidance material received.

CARRIED

5.6 Review of Council policies – 11.33am

The Annual Meeting Plan included provision for the Committee to ensure that the Council has robust policies and procedures in place.

There were no policies scheduled for review for December.

The Committee were advised that the Public Interest Disclosures Policy is now under review pending the outcome of the local government election and the election of the mayor.

The policy requires the Mayor to be a contact reporting a PID about the GM and with the election due on 4 December, this will not be able to be updated until after the 23 December when the Mayor is elected. This will delay the adoption by Council until February as there is no January Council meeting due to the Councillor induction taking place.

Proposed changes to the Public Interest Disclosure legislation were also highlighted.

RESOLUTION:

1. THAT the Committee note the status of Council's relevant policies and procedures and note that the Committee has requested receipt of the revised Fraud and Investment policies in the first half of the calendar year 2022.

CARRIED

ITEM 6. GENERAL BUSINESS – 11.35am

6.4 General Business

The Committee was advised of the current status of the NSW Local Government election results.

Independent Committee Member, Mr Peter McLean advised that he may be elected a Councillor for a NSW Council and that he would seek advice regarding his eligibility to continue his role on the Federation Council ARIC if his election was successful.

ITEM 7. NEXT MEETING – 11.38am

7.1 Next Meeting

Tentative Friday 18th March 2022

Meeting closed at 11.40am