

Minutes

Audit Risk and Improvement Committee

10 June 2022 at 10.00am

WELCOME, ACKNOWLEDGEMENT OF COUNTRY - 10.00am

Present:

Members: Linda MacRae (Independent external member and Chairperson) via online, Peter McLean (Independent external committee member) via online, Cr Rowena Black (Councillor member).

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

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

Apology: Adrian Butler, (General Manager), Steve Carmichael (Director Engineering Services), 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 – 10.00am

1.1 Apologies – 10.00am

To receive any apologies from attendees.

RESOLUTION:

1. THAT any apologies be accepted and noted.

CARRIED

1.2 Annual Disclosure by Councillors and Designated Persons – 10.01am

To receive any updates to Annual Disclosures from Independent members.

RESOLUTION:

1. THAT Independent Members provide an updated Disclosure Form after 30 June 2022 and before the next ARIC meeting on 5 August 2022 for the period 1 July 2021 to 30 June 2022 to enable these to be tabled at the October Ordinary Council meeting.

CARRIED

1.1 Conflicts of Interest – 10.03am

Summary

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

There were no disclosures of conflicts of interest made for any items on the agenda.

RESOLUTION:

1. THAT any disclosures be noted.

CARRIED

1.4 Endorse Minutes of previous meeting – 10.05am

Summary

The Minutes of the meeting held on 01 April 2022 are submitted for the Committee to endorse as being a true and correct copy.

RESOLUTION:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 1 April 2022 be received and noted as a true and correct copy.
2. THAT the Minutes be submitted to Council for noting and publishing on Council's website.

CARRIED

1.5 Meeting actions report – 10.19am

The Audit Risk and Improvement Committee meetings identify actions to be undertaken. Monitoring of these actions is managed within Council's Pulse system. The Meeting actions update report was provided to the Committee for review.

Note: The Committee discussed its concerns regarding Council's risk exposures in respect of its Section 355 Committees. Such risks were highlighted by a recent NSW District Court determination in relation to volunteer workers at the Camden Council in NSW.

RESOLUTION:

1. THAT the Committee note the Meeting actions update report for June 2022.

That the Committee recommend to Council that it address, as a matter of priority, the outstanding internal audit actions relating to Council's Section 355 Committees and take into consideration the risks associated with these Committees as highlighted by a recent NSW District Court determination in relation to volunteer workers at the Camden Council in NSW.

CARRIED

ITEM 2. FINANCIAL MANAGEMENT – 10.26am

2.1 Statutory financial reporting

2.1.1 Status of Previous External Audit Recommendations – 10.26am

Council is required to regularly monitor the implementation of any recommendations made by the External Auditor. These reports were included as part of the Audit Actions report and shown as a separate table.

RESOLUTION:

1. THAT the Committee note the External Audit recommendations report.

CARRIED

2.1.2 External Audit – 10.27am

The Committee noted the External Audit Annual Engagement Plan at the last Committee meeting. An interim visit is scheduled for late June 2022. Records have been provided in accordance with the Interim Information Request.

RESOLUTION:

1. THAT the Committee note the update.

CARRIED

2.2 Management financial reporting – 10.29am

2.2.1 Financial Performance Report -10.29am

A monthly Financial Performance Report for 30 April 2022 was considered by the Council at its Meeting on 15 February 2022. This report was provided to the Audit Committee for information and noting.

RESOLUTION:

1. THAT the Committee note the Financial Performance Report at 30 April 2022.

CARRIED

2.2.2 Quarterly Budget Review Statement – 10.35am

Summary

A Quarterly Budget Review Statement for the March 2022 quarter and cover report has been prepared for Council consideration at its meeting on 16 May 2022. The report was also provided to the Audit Committee for noting.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

ITEM 3. GENERAL REPORTS – 10.41am

3.1 Independent Committee Member's review – 10.41am

The Audit Risk and Improvement Committee Terms of Reference (6.1) requires the governing body to undertake an assessment of the Chair's or an independent member's performance prior to approving the reappointment or extension of the independent member's term. Reappointment of the Chair and members is also to be subject to the individual still meeting independence and eligibility requirements.

The Committee endorsed the use of a performance self-assessment tool to be completed by the independent members.

RESOLUTION:

1. THAT the Committee endorses the methodology and Performance Assessment Tool and
2. THAT the independent members complete and submit the self-assessment to the Chief Audit Executive prior to 30 June 2022.

CARRIED

3.2 Terms of Reference and Schedule of Responsibilities – 10.43am

The revised Committee Terms of Reference and Schedule of Responsibilities as endorsed by the Committee at the 1 April meeting have been scheduled for adoption at the 28 June Ordinary Council meeting following endorsement by the Committee at its 1 April ARIC Meeting.

RESOLUTION:

1. THAT the Committee notes the status of the revised Terms of Reference and Schedule of Responsibilities

CARRIED

3.3 Annual Meeting Plan – 10.43am

The revised Annual Meeting Plan as endorsed by the Committee at the 1 April meeting has been scheduled for adoption at the 28 June Ordinary Council meeting following endorsement by the Committee at its 1 April ARIC Meeting.

RESOLUTION:

1. THAT the Committee notes the status of the Committee Annual Meeting Plan

CARRIED

3.4 Draft NSW Risk Management and Internal Audit Guidelines– 10.43am

In 2016, the NSW Government made it a requirement under the Local Government Act 1993 ('Local Government Act') that each council have an Audit, Risk and Improvement Committee.

The Office of Local Government has developed a draft internal audit and risk management framework to support and inform the operations of ARICs. The new framework will be governed by regulations and *Guidelines for risk management and internal audit for local councils in NSW*. These will prescribe the minimum standards for each council's audit, risk and improvement committee, risk management framework and internal audit function.

The Guidelines have not yet been introduced by the NSW Government. Recent advice indicates that there will be further delays whilst OLG resolve challenges with the independent member prequalification scheme.

RESOLUTION:

1. THAT the Committee note the update.

CARRIED

3.5 Integrated Planning and Reporting (IP&R) update– 10.45am

Draft documents have been prepared in accordance with the NSW Integrated Planning and Reporting Framework. These plans are provided to the Committee so that the Committee is assured that the Council is operating in a financially sustainable manner and that the Council has the resources; capacity and capability to undertake its Plans and Programs documented.

Council has finalised the draft plans which are currently on exhibition. Council invites feedback on the draft documents from all interested stakeholders and members of the community before 5pm Tuesday, June 14, 2022 noting that the final draft documents are to be presented to Council for endorsement at the 28 June 2022 meeting for implementation from 1 July.

RESOLUTION:

1. THAT the Committee note the IP&R update report and the draft plans provided.
2. THAT clarification be provided in relation to the financial indicator's tabled particularly around the amount of the unrestricted cash in the Long Term Financial Plan (Attachment 13 – page 308 of the Agenda).

CARRIED

ITEM 4. INTERNAL AUDIT – 11.28am

4.1 Report on Internal Audit Recommendations – 11.28am

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 report on outstanding Internal Audit actions was attached for the Committee to review.

RESOLUTION:

1. THAT the Committee note the progress report on internal audit recommendations .
2. THAT the Audit Risk and Improvement Committee recommend to Council that it address and prioritise the outstanding internal audit actions relating to the Section 355 outstanding actions.

CARRIED

4.2 IA Progress Report and Recent Reports and Publications of Interest – 11.29am

The Committee endorsed the following audit scopes on 1 April 2022.

1. Fraud Control Policy and
2. Gap Analysis Projects

AKW provided a draft Fraud Policy for consideration noting that the policy will be referred to Council for adoption.

Publications for discussion were prepared by AKW and circulated with the Agenda papers for the Committee to review.

RESOLUTION:

1. THAT the Committee recommend to Council that it adopt the Fraud and Corruption Control Policy.
2. THAT the Fraud and Corruption Control Plan be provided to the Committee by December 2022
3. THAT the Committee note the progress report and publications for discussion and relevance in the context of Federation Council.

CARRIED

ITEM 5. CONFIDENTIAL REPORTS – 11.38am

5.1 Update on legal matters – 11.38am

An update relating to several current legal matters was provided by the Director of Corporate and Community and the Director Environment and Planning.

RESOLUTION:

1. THAT the Committee note the status of the Council's current legal matters as presented.

CARRIED

5.2 Risk Management – 11.39am

An update was provided on the risk management framework and current status of the Risk Management Coordinator role.

RESOLUTION:

1. THAT the Committee note the Risk Management update.

CARRIED

5.3 Insurances – 11.40am

The annual insurance renewal process has been progressed with the provision of an extensive range of information and data. It is noted that the tightening of the insurance market has significantly increased the volume of information required.

The offer of insurance with quotes is expected to be received in late June 2022. A further update will be provided to the next meeting.

RESOLUTION:

1. THAT the Committee note the report on the annual insurance renewal.

CARRIED

5.4 Legislative compliance / non-compliance – 11.40am

To receive any updates on matters impacting on compliance.

RESOLUTION:

1. THAT the Committee note that there were no issues of non-compliance to report.

CARRIED

5.5 Fraud – 11.40am

There are no known instances of fraud that have been brought to management attention in the reporting period.

RESOLUTION:

1. THAT the Committee note that there were no issues of fraud to report.

CARRIED

5.6 Service Reviews – 11.41am

To receive any updates on any service reviews being implemented and any short-, medium- or long-term implications.

There are no current service reviews underway or complete and the Committee noted that this will be a priority across the organisation in the latter half of 2022 with the development of a clear process and template.

RESOLUTION:

1. THAT the Committee note the report regarding the service review process and timing.

CARRIED

5.7 Review of Policies – 11.43am

The Committee were provided with copies and the status of the following policies for review.

- Fraud Control Policy and Framework and controls (refer Item No 4.2 – attachment 17)
- Social Media Policy
- Use of Information Systems Policy

RESOLUTION:

1. THAT the Committee note the status of council's relevant policies and procedures and that the adopted and review dates be clarified for the '*Social Media Policy*' and the '*Use of Information Systems*' policies.

CARRIED

ITEM 6. GENERAL BUSINESS – 11.48am

6.1 Cyber Security Mock Exercise

The Director Corporate and Community provided a verbal report on a recent cyber security mock attack facilitated by Cyber Security NSW. The mock exercise was not mandatory for Councils, however Council opted to participate in this to identify any weaknesses and provide all key stakeholders with an understanding of the process, should such an event occur.

ITEM 7. NEXT MEETING – 11.54am

7.1 Next Meeting

The Audit Office was provided with the following dates for ARIC meetings and the remainder of 2022.

RESOLUTION:

THAT the Committee note the following dates for ARIC meetings for the remainder of 2022:

- a. Friday 5 August
- b. Friday 14 October
- c. Friday 9 December

Next Meeting Friday 5 August 2022

Meeting closed at 11.54am