

DRAFT Minutes

Audit Risk and Improvement Committee

11/06/2021 at 10.00am

Via videoconference and at Corowa Civic Centre

ITEM 1. Welcome, Acknowledgment of Country and Apologies - 10.00am.
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Present:

Members: Linda MacRae (Independent external member and Chairperson – via teleconference), Cr. Norm Wales (Councillor Representative), Peter McLean (Independent external committee member – via teleconference).

Attendees (non-voting): Adrian Butler (General Manager) – attended at Item 4.2), Jo Shannon (Head of Internal Audit and Director Corporate and Community Services, Sean Pye (External Auditor – Crowe – in attendance until the conclusion of item 2.2), Carolyn Rosetta-Walsh (Adams Kenneally White), Heidi Neumeister (Governance Officer), Shane Norman (Finance Manager), Fiona Goodman (Risk Management Coordinator).

Apologies: Steve Carmichael (Director Engineering Services), Cr. Paul Miegel.

Absent: Susan Appleyard, (Director Development and Environmental Services).

Items are listed in order as discussed.

ITEM 1. Welcome, Acknowledgment of Country and Apologies – 10.00am

1.1 Disclosures of Interest

To receive Annual Disclosures of Interest from Independent members and any conflicts of interest with any items on the agenda from attendees.

RESOLUTION:

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

NOTED

1.2 Endorse Minutes of previous meeting – 10.03am

(Note this was incorrectly shown as 2.1 in the body of the agenda)

RESOLUTION:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 05 March 2021 be received and noted as a true and correct copy subject to minor amendments.

CARRIED

1.3 Audit Risk and Improvement Committee Meeting actions status report – 10.06am

(Note this was incorrectly shown as 2.2 in the body of the agenda)

The Audit Risk and Improvement Committee meetings identify improvement actions to be undertaken. The Meeting Actions report was reviewed for any outstanding actions to be addressed.

RESOLUTION:

1. THAT the Committee note the Meeting Actions status report for June 2021.

CARRIED

ITEM 2. ANNUAL FINANCIAL STATEMENTS – 10.15am

2.1 External audit – interim visit – 10.15am

Council's external auditors, Crowe Albury, conducted their interim external audit visit in May 2021. The interim management letter has been received and was presented to the Committee.

Council's external auditor representative Sean Pye, highlighted the key aspects of the report and responded to questions raised by the independent Members. He reiterated that a number of recommendations from prior year's recommendations have either been fully or partially addressed.

The three new issues and associated recommendations raised from the interim audit visit, being one moderate risk and two low risks, were all accepted by management and will be addressed over the coming year.

The Committee had discussion regarding the following:

- Council's position regarding its status relating to Cyber security, including controls and ongoing training. The Committee was advised that the Council was proposing to participate in a Commonwealth Government cyber security exercise later in the year.
- The necessity for Council to continually monitor and report its unrestricted cash position; and
- Community expectations regarding the levels of service provision.

RESOLUTION:

1. THAT the interim management letter for the external audit for the year ending 30 June 2021 be noted and an update be provided to the October 2021 meeting.

CARRIED

Sean Pye left the meeting

ITEM 3. FINANCIAL MANAGEMENT – 10.36am

3.1 Delivery Program and Long Term Financial Plan - 10.36 am

The committee was provided with copies of Council's key strategic documents inclusive of the following:

- Delivery Program and Operational Plan 2021/2022
- Revenue Policy for the financial year 2021/2022 (including fees and charges schedule)

- Long Term Financial Plan 2021/2031

These were discussed within the context of the Special Rate Variation having been approved and the knowledge that the documents will be updated to reflected this.

RESOLUTION:

1. THAT the Committee note the report and the draft IP&R documents.

CARRIED

3.2 Special Rate Variation – 10.50am

Council submitted a Special Rate Variation application to IPART in February 2021. The application was seeking a Special Rate Variation of 8% (2% rate peg plus 6%) to partially fund the operating costs of the new Corowa Aquatic Centre.

IPART Announced on 17 May 2021 that Council's application was successful and the increase will be applied from 1 July 2021.

The approval requires annual reporting to be undertaken on collection and expenditure of the additional funds which will be undertaken through Council's Annual Report.

RESOLUTION:

1. THAT the Committee note report on the approved 2021/2022 Special Rate Variation.

CARRIED

3.3 Quarterly Budget Review Statement – 10.52am

A quarterly Budget Review Statement and covering report was provided to Council at its 18 May 2021 ordinary meeting. The report was also provided to the Committee for consideration.

The following matters were discussed by the Committee:

- The status of anticipated operational and capital grants by 30 June 2021. The Committee was advised that significant grant income had been received since the March Budget Report, including a prepayment relating to the Commonwealth Government's 2021/2022 allocation of Financial Assistance Grants and the Corowa Saleyards Project grant. Clarification was provided regarding the capital expenditure classification between 'new' and 'renewal' assets in some of the expenditure categories.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

3.4 Capital Expenditure Review – 11.03am

The NSW Government requires Councils to undertake a comprehensive review process when committing to major infrastructure projects. The Corowa Saleyards upgrade project meets the criteria and accordingly Morrison Low were engaged to prepare the Capital Expenditure Review.

The capital expenditure review report for the Corowa Saleyards upgrade has now been received and was noted by Council at its April 2021 meeting.

The Committee raised several issues relating to the project including those associated with the possibility of another competitor providing a similar service. It was clarified that the risk assessment has been prepared on the project rather than the service itself.

RESOLUTION:

1. THAT the Committee note the reports.

CARRIED

11.12am Norm Wales left the meeting

11.15am Norm Wales returned to the meeting

General Reports

ITEM 4. INTERNAL AUDIT – 11.19am

4.1 Internal Audit actions update – 11.19am

The report on Audit actions that are still outstanding was provided to the Committee as a late report.

RESOLUTION:

1. THAT the Committee note the Internal Audit actions update report that was separately circulated.

CARRIED

4.2 Rolling 3 year forward Audit plan – 11.22am

A discussion was held regarding the preparation of this plan. The possibility of undertaking an internal audit into Council's Governance processes was discussed. It was agreed that Management continue to work with the Internal Auditors to develop an appropriate draft three year 'rolling' program that takes into account Council's strategic and operational risk profile.

RESOLUTION:

1. THAT the Committee note the update.
2. THAT the draft 3 year forward plan be presented to the Committee at its Meeting in August 2021.

CARRIED

11.25 Adrian Butler joined the meeting

4.3 Landfill Accounting Report – 11.28am

The Landfill Accounting Report was prepared following the internal audit conducted by RSD in August 2020. The report is attached for information.

The challenges identified for future rehabilitation of council landfill sites was also discussed.

The recommendations in the report will be addressed in the coming months.

RESOLUTION:

1. THAT the Committee note the report.

CARRIED

4.4 IA Recent Reports and Publications of Interest – 11.32am

A report on relevant reports and publications of interest was provided to the Committee by the Internal Auditor for review and discussion.

Several of the documents were discussed in relation to risks for Council, including:

- Cyber security
- Financial management and sustainability, particularly risks associated with adequate disclosure regarding Council's commitments in respect of water and sewerage operations and restricted cash
- Procurement processes
- Fraud control
- Organisational culture

Peter McLean advised that he had a sample 'culture reporting template' that he would circulate to the Committee.

RESOLUTION:

1. THAT the Committee note the reports as discussed.

CARRIED

ITEM 5. CONFIDENTIAL REPORTS – 11.39am

5.1 Update on Service Reviews – 11.39am

The Committee Charter requires that any updates of service reviews must be presented to the committee.

There have been no service reviews completed.

RESOLUTION:

1. THAT the Committee notes the status of the service reviews.

CARRIED

5.2 Risk Management – 11.40am

The committee was advised that this report had not been completed and would be a priority over coming months.

RESOLUTION:

1. THAT a report be provided to the committee for the next Committee meeting in August 2021

CARRIED

5.3 Update on legal matters -11.41am

The committee noted the updates on current legal matters at hand.

RESOLUTION:

1. THAT the committee note the updates in relation to the matters currently at hand.

CARRIED

5.4 Update on any incidents related to fraud – 11.50am

The committee was advised that no incidents concerning fraud had been reported.

5.5 New Audit and Risk Management framework- 11.51am

The committee was advised that no new phases of the framework that had been legislated.

5.6 Credit Cards – 11.52am

The committee was provided with a copy of Council's current Credit Card Policy and Register for review. A review of credit card transactions for 2019 and 2020 is currently being conducted. The review is based upon the principles contained in the NSW Audit Office's report Credit card management in Local Government that was issued in September 2020. A report will be provided to the Audit Committee Meeting regarding the outcome of this review together with any proposed changes to the current Credit Card Policy, if such changes are required.

RESOLUTION:

1. THAT the committee note the existing credit card policy and register as circulated.

CARRIED

5.7 Review of Council Policies – 11.53am

The committee were provided with a list of policies as identified in the Annual meeting plan for review.

These included:

- Fraud and Corruption Control policy
- Investment policy
- Credit Card policy (considered at this Meeting – 11 June 2021)

Council is in receipt of assistance from 'Imperial Markets' in the development of the Investment Policy.

RESOLUTION:

1. THAT the committee note the status of the policies and request that revised versions of the Fraud and Corruption Control policy and Investment policy be presented at the December 2021 Meeting.

CARRIED

ITEM 6. GENERAL BUSINESS – 11.57am

6.1 General Business -11.57am

There were no new items of business put forward for discussion.

ITEM 7. NEXT MEETING – 11.58am

The committee considered the proposed meeting dates for 2021 and agreed on the following meeting schedule for 2021.

Friday 13 August 2021 –

Friday 15 October 2021 - Annual Financial Reports and any other required or carried over items

Friday 10 December 2021

The meeting closed at 12.00pm