

Minutes

Audit Risk and Improvement Committee

28 February 2020 at 9.00am

Murray Room Federation Council, 100 Edward Street, Corowa NSW 2646

Note: The order of items are presented as they were addressed at the meeting.

ITEM 1. Welcome, Acknowledgment of Country and Apologies

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).

Invited Participants: Kathie Teasdale (Internal Auditor – RSD Audit), Heidi Neumeister (Governance Officer), Shane Norman, (Finance Manager), Fiona Goodman, (Risk Management Coordinator).

Apologies: Susan Appleyard, (Director Development and Environmental Services), Tony Cantwell (Project Officer, Risk), Steve Carmichael, (Director Engineering Services), Sean Pye, (External Finance Auditor - Crowe)

Peter McLean (Independent external Committee member) joined the meeting by teleconference.

1.1 Disclosures of Interest

RESOLUTION:

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

NOTED

1.2 Endorse Minutes of previous meeting

RESOLUTION:

THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 13 December 2019 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.

RESOLUTION:

1. THAT the Committee note the ARIC Meeting Actions Report.
2. THAT Item 6.2.3 on Risk Management and Incident reporting be referred back to senior staff to develop a training development plan.
3. THAT completed actions be removed for the next update.

CARRIED UNANIMOUSLY

1.4 2020 Annual Meeting Plan for Audit Risk and Improvement Committee

The committee noted the updated 2020 Annual Meeting Plan.

RESOLUTION:

1. THAT the Committee note the 2020 Annual Meeting Plan.

NOTED

ITEM 2. ANNUAL FINANCIAL STATEMENTS

2.1 Final Management letter – update on status of actions

RESOLUTION:

1. THAT the Committee note the update on the status of the external audit actions as per the attached report.
2. THAT an update on Item 8 regarding the quality and timeliness of infrastructure asset information submitted for audit being incorporated into the current Asset Management and Long Term Financial Planning project, be provided to the next meeting.
3. THAT a high level report regarding annual leave liability be provided at the next meeting.
4. THAT an update on the status of the implementation of the new accounting standards be provided at the next meeting.
5. THAT an additional ratings column be added to the external audit actions update report.

CARRIED UNANIMOUSLY

2.2 Workplan for the preparation of 2019/2020 EOFY Statements

The Committee noted the workplan for the preparation of the 2019/2020 EOFY statements.

RESOLUTION:

1. THAT the Committee note the workplan that has been developed for the preparation of the 2109/20 Financial Statements.

CARRIED UNANIMOUSLY

ITEM 3. FINANCIAL MANAGEMENT

3.1 Quarterly Budget Review Statement

The Committee discussed issues impacting on the budget and future challenges.

RESOLUTION:

1. THAT the Committee note the report pursuant to the Local Government Act detailing Council's estimated financial position at 31 December 2019.

NOTED

3.2 Cap Ex reviews

The reports for the Corowa Swimming Pool and the Howlong Multi-purpose Centre have been received and were noted by Council at its January 2020 meeting and submitted to the Committee for information.

RESOLUTION:

1. THAT the Committee note the Capital Expenditure Reviews and reports for the Corowa Swimming Pool and Howlong Multi-purpose Centre.

NOTED

ITEM 4. GENERAL REPORTS

4.1 Risk Management Internal Audit Framework released

The State Government's draft framework was provided at the Audit Risk and Improvement Committee in October and December 2019 for comments to be considered for Council's submission to be lodged before 31 December 2019.

RESOLUTION:

1. THAT the Committee note the submission to the State Government on the Risk Management Internal Audit Framework.

NOTED

4.2 Annual Report on Committee's activities

As per the Committee's Terms of reference the Chair of the Committee prepared an annual report to the Council of the Committee's activities.

RESOLUTION:

1. THAT the Committee notes the Chair's annual report on the Committee's activities.
2. THAT the report be added to the Councillor portal and further information be provided by the independent Committee members to enhance Council's existing information available to the public on its website.
3. THAT the Chair discuss with the General Manager how this is to be reported to the Council.

CARRIED UNANIMOUSLY

6.2 Risk Management / Incident Reporting

Summary

At the meeting held on 19 December an update was provided on the risk framework and progress of implementation. Included with the documentation were the following reports.

[Attachment 16. JLT Public Sector Risk Report – Distributed with 19 December meeting minutes](#)

RESOLUTION:

1. THAT the Committee note the JLT Public Sector Risk Report 2019.

NOTED

6.3 Half yearly statistical reports on WH&S matters

Summary

At the meeting held on 19 December an update was provided on WHS matters. Included with the documentation were the following reports.

The Risk Management Coordinator advised the Committee that approximately 80% of the actions in the WHS Action Plan have been completed.

[Attachment 17. WHS Audit Report](#)

[Attachment 18. WHS Action Plan](#)

RESOLUTION:

1. THAT the Committee note the StateCover WHS Audit Report 2019, the WHS Action Plan 2019 and the update.
2. THAT a report on the subsequent progress on the implementation of the recommendations contained in the abovementioned report be provided by the Risk Management Coordinator to the next meeting.

CARRIED UNANIMOUSLY

Adrian Butler (General Manager) left the meeting at 10.32 am

4.3 Bi-annual review of Committee

The Committee discussed the bi-annual review of the committee and considered the template provided by the Institute of the Internal Auditors Australia for relevance to the Committee review. It was suggested that a template be developed to reference the Committee's key objectives as outlined in the Terms of Reference.

RESOLUTION:

1. THAT a specific Federation Council template be developed for consideration by the Committee at its December 2020 meeting.

CARRIED UNANIMOUSLY

4.4 Annual review of Internal Auditor

The Committee reviewed a sample survey/feedback form for the annual review of the Internal Auditor. The review is to be conducted with key stakeholders including:

- Managers
- Staff
- ARIC Committee members
- S355 Committee members

The survey is to be circulated for completion over the next few weeks with a final report to be provided at the next meeting in May.

RESOLUTION:

1. THAT a survey be provided to all managers and key stakeholders of the internal audits for completion by 30 April 2020.
2. THAT a report on the internal auditor be provided at the next meeting in May.

CARRIED UNANIMOUSLY

ITEM 5. INTERNAL AUDIT

5.1 Customer Service and Complaints Management – New report

Summary

A Customer Service and Complaints Management internal Audit was conducted from the 2-4 October 2019 which focussed on various functions within the organisation including Customer Service Albury, Mulwala, Urana (including Bendigo Bank and Centrelink), Governance and Customer Requests.

Council has received the draft report and has circulated for staff involved to review and for management comments.

RESOLUTION:

1. THAT the final report and management comments be provided to the next meeting.

CARRIED UNANIMOUSLY

The committee received progress reports for the internal audits below conducted since November 2017.

5.2 Procurement and Contract Management – Update on actions

5.3 Environmental Health Report – Update on actions

5.4 Section 355 report – Update on actions

5.5 IT Controls report – Update on actions

5.5 Waste and Landfill – Update on actions

5.7 Fraud and Corruption – Update on actions

RESOLUTION:

1. THAT the Committee notes the excellent work by the staff in implementing the recommendations arising from the internal audits.
2. THAT future reports include the date of the original audit carried out and the original risk rating provided by the Internal Auditors.

CARRIED UNANIMOUSLY

5.8 Rolling 3 year forward plan

Summary

At the last meeting the Committee noted the draft three year Internal Audit forward plan and determined that the Council Executive would liaise with RSD Audit to finalise the priorities for 2020. There is one final audit to be completed from the original audit plan and budget which is the Building and Maintenance audit. This audit has been deferred pending the asset review project. An outstanding amount of \$9,100 remains from the internal audit budget that could be better utilised to add value to one of the completed audits through the provision of training or documentation.

Report

Priorities identified for particular projects could include;

- Fraud risk assessments and training,
- Training for staff on establishing and monitoring budgets;
- Assistance with documenting procurement procedures;
- Developing supplier lists for procurement;
- Establishing a procurement toolkit etc.
- Assistance with end of financial year issues.

RESOLUTION:

1. THAT the Committee approve the balance of internal audit funds to be redirected to address identified priorities to be determined in consultation with senior management and RSD.

CARRIED UNANIMOUSLY

5.9 IA Progress Report and Recent Reports and Publications of Interest

An update on the status of scheduled internal audits was emailed to the committee.

RESOLUTION:

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

NOTED

ITEM 6. CONFIDENTIAL REPORTS

6.1 Update on Legal matters

Summary

An update was provided on the Cleanaway and the Ballpark legal issues

RESOLUTION:

1. THAT the Committee note the update.

NOTED

6.4 Update on compliance / non compliance

Summary

The Committee received an update on matters impacting on compliance.

RESOLUTION:

1. THAT the Committee receive an update on these items at the next meeting.

CARRIED UNANIMOUSLY

6.5 Update on any incidents related to fraud

Summary

The Committee received an update on any incidents of concern related to fraud.

RESOLUTION:

1. THAT the Committee receive an update at the next meeting.

CARRIED UNANIMOUSLY

6.6 Update on service reviews

Summary

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.

NOTED

6.7 Review of policies.

Summary

The Annual Meeting Plan included provision for the Committee to ensure that the Council has robust policies and procedures in place. The following items were identified in the Annual Meeting Plan for February and the table below shows the existing status of these.

Item	Policies	Procedures
Procurement	Adopted November 2019	In draft
Investments	Adopted August 2016	Adopted August 2016
Credit Cards	In draft	In draft
Accounts receivable and payable	No policy	Procedures in place.
Complaints management	Adopted June 2016	Adopted June 2016

RESOLUTION:

1. THAT the Committee note the status of council's relevant policies and procedures.
2. THAT a copy of Investments policy and the Procurement policy be provided to the Committee at the next meeting and a copy of the Credit Card policy be provided when completed.

CARRIED UNANIMOUSLY

ITEM 7. GENERAL BUSINESS

There were no items of general business.

ITEM 8. NEXT MEETING

Future meeting dates were agreed for the following dates:

Friday 29 May 2020 at 10.00am confirmed

Friday 21 August 2020 10.00am confirmed

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

The meeting closed at 11.26am.