

## Minutes

### Audit Risk and Improvement Committee

18 August 2023 at 10.00am

**Present:**

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

**Attendee (non-voting):** Adrian Butler (General Manager) via online, Jo Shannon (Head of Internal Audit and Director Corporate and Community Services).

**Invited Participants:** Jason Gilbert (External Auditor - Crowe) via online, Carolyn Rosetta-Walsh (Adams Kenneally White) via online, Susan Appleyard (Director Development and Environmental Services), Theo Panagopoulos (Director Engineering Services), Heidi Neumeister (Governance Officer), Shane Norman (Manager Finance).

**Apologies:** Luke Bobilak (Manager People and Culture)

**Purpose:** As per Committee Terms of Reference 17/13884

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

<b>ITEM 1. GOVERNANCE</b>
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#### 1.1 Apologies – 10.01 am

To receive any apologies for the meeting. One apology was received.

**RESOLUTION:**

1. THAT the apology be noted.

**CARRIED:**

#### 1.2 Conflicts of Interest -10.02 am

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

There were no conflicts of interest declared.

**RESOLUTION:**

1. THAT the Committee note there were no conflicts of interest declared.

**CARRIED:**

## **ITEM 4. INTERNAL AUDIT**

### **4.1 Draft Internal Audit Charter – 10.03 am**

A draft Internal Audit Charter has been developed in accordance with the model charter and provided to the Committee for feedback and suggested changes.

The Committee discussed various sections of the Charter and its appropriateness for Federation Council.

#### **RESOLUTION:**

1. THAT the Committee note the report on the draft Internal Audit Charter.
2. THAT the draft Internal Audit Charter be deferred to the December ARIC meeting with members to provide comments before mid November for consideration.

#### **CARRIED:**

### **4.2 Strategic Internal Audit Plan (3 year) and Internal Audit Work Program (1 year) – 10.15 am**

The Strategic Internal Audit Plan including the Annual Internal Audit Work Program were endorsed at the 1 April 2022 ARIC meeting. Since then, the Committee has reviewed the first year projects which were deferred due to other priorities. These were presented to the Committee to review and determine whether any changes are required for years 2 and 3 of the plan.

#### **RESOLUTION:**

1. THAT the Committee note the Strategic Internal Audit Plan and Internal Audit Work Program.
2. THAT the Strategic Internal Audit Plan be reconsidered when Council has completed its review of the strategic risk register.
3. THAT the review of credit card expenditure be completed prior to December 2023.

#### **CARRIED:**

**10.19 am Jason Gilbert (External Auditor - Crowe) joined the meeting.**

### **4.3 Internal Audit – Project Management update – 10.18 am**

The Committee was provided with an update on the Project Management internal audit. Council has provided a vast number of records for review by the internal auditors. A further update will be provided when the report is received.

#### **RECOMMENDED:**

1. THAT the Committee note the update and the advice that the report should be available by the October 2023 ARIC meeting.

## ITEM 2. FINANCIAL MANAGEMENT

### 2.1.2 Annual Financial Statements – 10.26 am

Work continues on preparing the Financial Statements for the year ended 30 June 2023 in accordance with the prepared schedule. It is anticipated that these will be available for the ARIC meeting tentatively scheduled for Thursday 12 or Friday 13 October.

Jason Gilbert (External Auditor – Crowe) attended the meeting for this item and he advised that the audit programme outlined in the 'Audit Engagement Plan' was on track (including the revaluation of the relevant assets). He also advised that during the interim audit that no new issues had been identified so there would not be an interim management letter issued. Advice was also provide that there would probably be a qualified audit opinion issued for the 2022/23 financial statements relating to the ' RFS red fleet assets' ( similar to the 2021/22 audit qualification).

#### RESOLUTION:

1. THAT the verbal update provided by the External Auditor be noted. **CARRIED:**

**10.33 am Jason Gilbert (External Auditor - Crowe) exited the meeting.**

## ITEM 4. INTERNAL AUDIT

### 4.4 Internal Audit actions progress report – 11.01 am

The Committee was provided with an outstanding internal audit actions report. The report provides oversight of the internal audits conducted and the progress in addressing any agreed recommendations and improvement actions.

#### RESOLUTION:

1. THAT the Committee note the report and the verbal update provided in relation to Council's commitment to appoint a Volunteer Coordinator to progress the risks associated with Section 355 committees.
2. THAT a report be prepared for the December 2023 ARIC meeting that outlines Council's risk exposure associated with Section 355 Committees', including the risks documented in the 2019 internal audit report and Council's independent review. This report to include the proposed actions required to mitigate such identified risks.

#### CARRIED:

### 4.5 IA Progress Report / Recent Reports and Publications of Interest – 11.04 am

Adams Kenneally White have provided a list of publications and items of interest. These were provided to the Committee for review.

#### RESOLUTION:

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

#### CARRIED:

10.52 am Carolyn Rosetta-Walsh (Adams Kenneally White) exited the meeting.

## ITEM 5. CONFIDENTIAL REPORTS

### 5.1 Independent review – 10.52 am

A verbal update on the independent review project, currently being undertaken by Professor Joseph Drew was provided to the Committee.

#### RESOLUTION:

1. THAT the Committee note the update on the current status of the independent review project, currently being undertaken by Professor Joseph Drew, as provided by the General Manager and the Director of Corporate and Community.
2. THAT the Committee note the planned meeting of the ARIC members with Professor Joseph Drew on 22<sup>nd</sup> August 2023.

CARRIED:

## ITEM 1. GOVERNANCE

### 1.3 Endorse Minutes of previous meeting – 11.14 am

The status of previous minutes from ARIC Committee meetings was provided to the Committee.

#### RESOLUTION:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 16 June 2023 be received and noted as read.
2. THAT the Minutes be submitted to Council for noting and publishing on Council's website.

CARRIED:

### 1.4 Audit Risk and Improvement Committee Meeting actions report – 11.15 am

The Audit Risk and Improvement Committee was provided a copy of the latest meetings actions report. Further verbal updates were provided at the meeting.

#### RESOLUTION:

1. THAT the Committee note the update and the status of the investment policy, which is scheduled to be presented to Council at the August Council meeting.

CARRIED:

### 1.5 Chair's update – 11.16 am

The Chair provided an update regarding her attendance at the June 2023 Council workshop. A presentation to the Councillors of the role and responsibilities of an ARIC was provided. Councillors were also given the opportunity to ask questions of the Chair and to discuss any current or potential audit and risk areas of responsibility being reviewed or considered for review by the Committee.

#### RESOLUTION:

Federation Council – Meeting Minutes  
Audit Risk and Improvement Committee – 18 August 2023  
Record No: 23/37755

1. THAT the Committee note the update regarding the Chair's meeting with Councillors.

**CARRIED:**

## **1.6 Annual Meeting Plan – 11.18 am**

The Committee updated and endorsed the Annual Meeting Plan at the June 2023 ARIC meeting and a final version was provided to Committee at this meeting.

**RESOLUTION:**

1. THAT the Committee note the final Annual Meeting Plan for 2023.

**CARRIED:**

## **1.7 Biennial review of Committee's performance – 11.18 am**

An update was provided to the Committee regarding the biennial review of the Committee's performance.

**RESOLUTION:**

1. THAT the Committee note the update and that a report on the Committee's performance be submitted to the next ARIC meeting in October.

**CARRIED:**

## **1.8 Independent Member recruitment – 11.22 am**

A draft information pack and advertisement were presented to the Committee for feedback and any suggested changes.

**RESOLUTION:**

1. THAT the Committee note the report and endorse the information pack to exclude the Internal Audit Charter which was deferred until the December 2023 meeting;

## **ITEM 2. FINANCIAL MANAGEMENT**

### **2.1 Statutory Financial Reporting – 11.28 am**

#### **2.1.1 Status of Previous External Audit Recommendations – 11.28 am**

Council is required to regularly monitor the implementation of any recommendations made by the External Auditor. These reports are generally included as part of the Audit Actions report and included as part of the twice-yearly reporting process.

There have been no changes to items completed and no further items added since the last report. Further to this, the external auditor has confirmed that there will not be any new items and the previous items were to be removed.

**RESOLUTION:**

1. THAT the Committee note the report and verbal update provided.

**CARRIED:**

## 2.2 Management Financial Reporting – 11.28 am

### 2.2.1 Monthly Financial Performance Report – 11.28 am

A monthly Financial Performance Report for 30 June 2023 was considered by Council at its Ordinary Meeting on 25 July 2023. This report is also provided to the Audit Committee for information and noting.

**RESOLUTION:**

1. THAT the Committee note the Financial Performance Report at 30 June 2023.

**CARRIED:**

### 2.2.2 Quarterly Budget Review Statement – 11.29 am

A Quarterly Budget Review Statement for the fourth quarter (period ending 30 June 2023) is currently being prepared. This is a new initiative introduced to improve accountability and transparency. The report will be circulated in late August 2023 when it has been finalised.

**RESOLUTION:**

1. THAT the QBRS will be provided to the September Council meeting and circulated to the ARIC independent members 'out of session'.

**CARRIED:**

## ITEM 3. INTEGRATED PLANNING AND REPORTING FRAMEWORK (IP&R)

### 3.1 Update on Review of Delivery Program and Annual Budget – 11.30 am

An update was provided to the Committee on the revised Delivery Program, Operational Plan and Annual Budget for 2023/24, along with the updated Long Term Financial Plan, adopted at the 27 June Ordinary meeting of Council.

**RESOLUTION:**

1. THAT the Committee note the report.

**CARRIED:**

## ITEM 5. CONFIDENTIAL REPORTS

### 5.2 Service reviews – 11.41 am

The Committee was provided with an update on the service reviews that are included in the Delivery Program for 2023/24. Further updates will be provided as these reviews progress.

**RESOLUTION:**

1. THAT the Committee note the update on the current status of the service review schedule.

**CARRIED:**

### 5.3 Legal matters -11.44 am

The General Manager and the executive team provided a verbal update on legal matters currently before the Council.

**RESOLUTION:**

1. THAT the Committee note the update on legal matters concerning Council.

**CARRIED:**

### 5.4 Fraud Control – 11.45 am

The Committee was advised that there have been no reported instances of fraud since the last ARIC meeting.

**RESOLUTION:**

1. THAT the Committee note that no instances of fraud have been reported since the last meeting.

**CARRIED:**

### 5.5 Update on any non-compliance issues – 11.45 am

A verbal update on areas of non-compliance was provided at the meeting.

**RESOLUTION:**

1. THAT the Committee note the report on areas of non-compliance and the measures taken to address these.

**CARRIED:**

### 5.6 Risk Management

#### 5.6.1 Strategic Risk Register – 11.47 am

The Strategic Risk Register has been reviewed to take into consideration the impact of the floods and the appointment of a new Director. An updated Strategic Risk Register will be provided to the next ARIC meeting following final review by Manex in August 2023.

**RESOLUTION:**

1. THAT the Committee note the update and that the Strategic Risk Register will be provided to the December 2023 ARIC meeting.

**CARRIED:**

#### 5.6.2 StateCover WHS Self Audit Report – 11.48 am

The Committee were advised of the status of progress on high risk areas with respect to the management of asbestos, quarries and volunteer management and the priority areas for 2023/24.

The StateCover WHS Self Audit Report is expected to be received in September 2023.

**RESOLUTION:**

1. THAT the Committee note the update and the expected availability of the WHS Self audit report by September 2023.

**CARRIED:**

### **5.6.3 WHS Incident Reporting (half yearly statistics) – 11.50 am**

A WHS incidents report for the year ended 30 June 2023 was provided for information of the Committee.

**RESOLUTION:**

1. THAT the Committee note the WHS incident report.

**CARRIED:**

### **5.6.4 Insurance coverage and premiums – 11.52 am**

The Committee was provided with a report on Council's current insurance coverage accepted for 2023/2024, for clarification and discussion. Some discussion occurred in relation to the premiums and considerations for Council.

**RESOLUTION:**

1. THAT the Committee note the report on insurance coverage and premiums for 2023/2024.

**CARRIED:**

### **5.6.5 Guidelines for Risk Management and Internal Audit – Update 11.56 am**

Council ARIC has been monitoring and preparing for the impending changes to *The Guidelines for Risk Management and Internal Audit* ensuring it is ready to implement from 1 July 2024.

There have been no new provisions legislated since the last meeting.

**RESOLUTION:**

1. THAT the Committee note the report as provided.

**CARRIED:**

### **5.6.6 Review of Council policies – 11.57 am**

The Chair has provided a list of key policies for the ARIC to have oversight of and these were highlighted in the report for the Committee.

**RESOLUTION:**

1. THAT the Committee note the update on Council policies and that these be included in the Annual Meeting Plan for review.
2. THAT a schedule be provided to the December 2023 ARIC meeting outlining the status of the overdue policies and the commencement date for review.

**CARRIED:**



## **ITEM 6. GENERAL BUSINESS – 12.03 pm**

There were no new items of business.

## **ITEM 7. NEXT MEETING – 12.03 pm**

The following dates for meetings are proposed by the Committee:

- Tentatively set for Thursday 12 October 2023 or Friday 13 October (Pending Auditors and management advice regarding the availability of the final financial statements)
- 8 December 2023

**Meeting closed at 12.07 pm**