

Minutes

Audit Risk and Improvement Committee

08 March 2024 at 9.00am

Members: Linda MacRae (Independent external member and Chairperson), 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 Deputy General Manager and CFO). Theo Panagopoulos (Director Engineering Services) via online. Susan Appleyard (Director Planning, Place and Sustainability), Luke Bobilak (Manager People and Culture) via online, Tracey Cullen (Governance Support Officer)

Invited Participants: Jason Gilbert (External Auditor - Crowe) via online, Carolyn Rosetta-Walsh (Adams Kenneally White) via online, Hugh Wilson (Representative- NSW Audit Office) via online

Apologies: Shane Norman (Manager Finance)

Purpose: As per Committee Terms of Reference 17/13884

ITEM 1. Governance

1.1 Apologies

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

RESOLVED:

1. THAT the apologies be noted.

CARRIED

1.2 Disclosures of Conflicts of Interest

There were no conflicts of interest with items on the agenda declared.

RESOLVED:

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

CARRIED

1.3 Minutes of previous meeting

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

RESOLVED:

1. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 8 December 2023 be received and noted as read.
2. THAT the Minutes be submitted to Council at the next available meeting, for noting and publishing on Council's website.

CARRIED

1.4 Audit Risk and Improvement Committee Meeting actions

The Audit Risk and Improvement Committee meetings actions report identifies actions arising from ARIC meetings and progress made on completing the actions.

ARIC has a role to monitor the implementation of any internal and external audit recommendations and to ensure that Council is operating in a financially sustainable manner and with the resources, capacity and capability to undertake its strategic plans and programs.

The actions report is updated six monthly, with the report for progress to 31 December 2023 to be considered at the 8 March 2024 ARIC meeting.

RESOLVED:

1. THAT the ARIC Meeting Actions Report (December 2023) be noted.

CARRIED

1.5 Annual Meeting Plan

The Annual Meeting Plan has been reviewed and updated for 2024.

The Annual Meeting Plan identifies the key activities required to be carried out by the committee and schedules these across each of its meetings throughout the year. The activities form the basis of each agenda and serve to ensure critical functions are not missed and the committee is meeting the compliance requirements as prescribed in its Terms of Reference.

RESOLVED:

1. THAT Activity E1 and E2 in the Annual Meeting Plan be scheduled for October 2024, and
2. THAT the Committee adopt the Annual Meeting Plan, as amended, for 2024.

CARRIED

1.6 Chair's Annual Performance Report

The Terms of Reference provides for the Chair of the Committee to prepare an annual performance report to the Council of the Committee's activities.

This report will be provided to the next ARIC meeting.

RESOLVED:

1. THAT the Committee note the report.

CARRIED

ITEM 2. Annual Financial Statements

2.1 Final Management Letter 2022/23

The Chair welcomed Hugh Wilson as Council's new representative from the NSW Audit Office (NSWAO).

The Final Management Letter from the NSWAO for the year ended 30 June 2023 with accompanying management responses has now been received.

RESOLVED:

1. THAT the Committee note the NSWAO Final Management Letter for the year ended 30 June 2023, particularly that all matters have been accepted except for no. 1 which relates to the recognition of rural fire-fighting assets (red fleet vehicles).

CARRIED

2.2 External Audit Annual Engagement Plan

An initial planning meeting for the 2024 audit has been held. The request for required information for the first stage of the audit is currently being worked through.

Jason (Crowe) and Hugh (NSW Audit Office) presented key elements of the draft 2023/24 Annual Engagement Plan.

RESOLVED:

1. THAT the Committee note the draft Annual Engagement Plan as presented by Crowe and the SNW Audit office, with particular noting of the key risks identified within the plan
2. THAT management advise the NSW Audit Office of the Committee's dissatisfaction with the 21% increase to the annual audit fee for 2023/24
3. THAT management circulate the Annual Engagement Plan to the Committee, 'out of session', following input from the Manager Finance.

CARRIED

Jason Gilbert (External Auditor - Crowe) and Hugh Wilson (Representative- NSW Audit Office) left the meeting at 10.15am.

ITEM 3. Financial Management

3.1 Monthly Financial Performance

A Monthly Financial Performance Report for 31 January 2024 was considered by the Council at its meeting on 27 February 2024. This report is provided to the Audit Committee for information and noting.

RESOLVED:

1. THAT the Committee note the Financial Performance Report at 31 January 2024.

CARRIED

3.2 Quarterly Budget Review Statement

A Quarterly Budget Review Statement for the second quarter of 2023/24 has been prepared as attached. This was adopted by Council at its meeting on 27 February 2024. This report is provided to the Audit Committee for information and noting.

RESOLVED:

1. THAT the Committee note the Quarterly Budget Review Statement for December 2023.

CARRIED

ITEM 4. Integrated Planning and Reporting

4.1 Annual Report 2022/23

As previously advised the Annual Report for 2022/23 has been prepared and endorsed by Council. Given the extended time to finalise the financial statements, the Annual Report has now been updated to include the financial statements and associated audit reports, a financial summary and required SRV reporting.

The financial summary is a new addition to provide greater transparency of Council's financial performance and position at 30 June 2023 with four year comparatives (pages 60-65).

More detailed reporting that meets the requirements of IPART approvals of Special Rate Variations is also included in the annual report (pages 66-69).

RESOLVED:

1. THAT the updated 2022/23 Annual Report, including the additional financial summary and SRV reporting, be noted.

CARRIED

4.2 Delivery Program – Annual Operational Plan 2023/24

The General Manager's six month progress report to Council for the 2023-2024 financial year outlining progress against the Delivery Program for the period 1 July 2023 to 31 December 2023, has now been prepared and presented to Council.

This report is provided to the Audit Committee for information and noting.

RESOLVED:

1. THAT the Six monthly Delivery Program – Annual Operational Plan 2023/24 Progress Report at December 2023 be noted.

CARRIED

4.3 Delivery Program – Annual Operational Plan 2024/25 (Draft)

Council is currently in the process of reviewing its key strategic planning documents in readiness for 2024/25.

The key documents under review include:

- Four Year Delivery Program
- Operational Plan for 2024/25 (including Annual Budget)
- Long Term Financial Plan
- Revenue Policy

The plans are being updated to enable Council adoption in principle in April 2024. This will be followed by engagement with the community through May and final adoption of plans by Council in June 2024.

RESOLVED:

1. THAT the Committee note the update.

CARRIED

ITEM 5. Internal Audit

5.1 Draft Internal Audit Charter

The *Risk Management and Internal Audit for local government in NSW Guidelines* require Council's to adopt an Internal Audit Charter. Accordingly, a draft Internal Audit Charter was developed in accordance with the model charter.

A meeting with the ARIC Chair and Deputy General Manager is scheduled for the afternoon of the ARIC meeting to progress this charter.

RESOLVED:

1. THAT the Committee note the update.

CARRIED

Adrian Butler- left the meeting at 10.30am.

5.2 Internal Audit – Project Management

The Project Management internal audit report with management responses will be circulated in advance of the next ARIC meeting.

NOTE: The Deputy General Manager and CFO (Ms Jo Shannon) advised the Committee that Management had accepted all the recommendations contained in the Project Management audit review. The timing of the implementation of these recommendations was currently being developed into a management plan taking into consideration the risks identified; priorities and resources required.

RESOLVED:

1. THAT the Committee note the update.

CARRIED

5.3 Internal Audit – Credit Cards

The Credit Card internal audit is currently underway. There has been some delays at Council's end with staff on leave and vacancies. A verbal update will be provided.

RESOLVED:

1. THAT the Committee note the update.

CARRIED

5.4 Internal Audit – next audit

Whilst not included on the original ARIC agenda, the Committee discussed options for the next internal audit. Referring to the three year internal audit plan, the Committee agreed that most of the identified future audits were areas subject to current significant change or other review. As a result, management proposed that more immediate value would be obtained by conducting an internal audit on payroll processes.

RESOLVED:

1. THAT the Committee recommend the next internal audit be conducted on Council's payroll processes, and
2. THAT management develop an appropriate internal audit scope with Council's internal auditor, AKW, for ARIC input.

CARRIED

ITEM 6. General Business

6.1 Independent Review

As previously reported, in November 2023 Council received an independent peer reviewed business case study from the Institute for Regional Futures (University of Newcastle) on the financial sustainability of Federation Council and the advantages and disadvantages of amalgamation.

Since that time Council has appointed the Institute for Regional Futures to assist Council in progressing a Special Rate Variation for 2025/26. The report included 10 recommendations, specific to Council's Special Rate Variation (SRV) work, as per Council's Long Term Financial Plan modelling. This work is now progressing with Professor Joseph Drew, with initial feedback provided to Council on the capacity of the community to pay additional rates.

It is planned to provide an update to the March 2024 Council meeting on the status of progress of the recommendations. This report will be circulated to ARIC members when available.

A verbal update was also provided.

RESOLVED:

1. THAT the Committee note the update and that a further status update be provided at the next ARIC meeting.

CARRIED

6.2 Section 355 Committees

A budget has been provided for a two year project to improve Council's volunteer management framework. In order to progress towards the appointment of a Volunteer Coordinator, a Volunteer Management Working Group has been formed and is chaired by the Manager People & Culture. This group includes relevant stakeholders from across the organisation including Risk & Safety, Governance, Finance and Community & Economic Development.

The following steps have been taken thus far to ensure progress in ultimately ensuring the appointment of a Volunteer Coordinator:

1. Review of previous sets of recommendations
2. Drafting of Risk Analysis
3. Drafting of Position Description
4. Liaising with key stakeholders (including S355 Council representatives)
5. Development of Volunteer Draft Procedure
6. Financial Assessment of funds carried by individual S355 committees

Currently, the Manager People & Culture and Risk & Safety Officer are finalising the Risk Analysis to include feedback from relevant members of the organisation. At completion of this stage, the formal documentation required for recruitment will be complete and it is envisaged that Council will go to market for the position prior to the end of March 2024, to have a staff member in place (on a two-year fixed agreement) by the end of the 2023/24 Financial Year.

RESOLVED:

2. THAT the Committee note the update and that a further status update be provided at the next ARIC meeting.

CARRIED

6.3 Service Reviews

As previously reported, there are a number of service reviews that are contained in the Delivery Program for 2023/24, including:

- Corowa Aerodrome
- Community Engagement
- Water Services
- Sewerage Services and
- Corowa Aquatic Centre

The following table provides a summary of the status of each of these service reviews.

Service area	Note	Current status	Status update (November 2023)	Status update (February 2024)
Corowa Aerodrome		To be commenced	To be commenced	To be commenced
Community Engagement	This service review will be undertaken as part of the development of the new comprehensive Community Engagement Strategy.	In progress	EOIs have been sought and there is a preferred contractor for this project. Contract expected to be awarded in early December 2023.	A contract was awarded in December 2023 with works to commence in early 2024.
Water Services	This service review will be undertaken as part of the Public Works engagement to advance future water service planning.	In progress	Contract for Public Works to progress this work was awarded at the September 2023 Council meeting. Given the significant work required this is expected to be complete by December 2024.	Work is continuing.
Sewerage Services	This service review will be undertaken as part of the Public Works engagement to advance future sewer service planning.	In progress	Contract for Public Works to progress this work was awarded at the September 2023 Council meeting. Given the significant work required this is expected to be complete by December 2024.	Work is continuing.
Corowa Aquatic Centre		Complete	This service review was considered at the October 2023 Council meeting and is now complete. Whilst the management	n/a

Service area	Note	Current status	Status update (November 2023)	Status update (February 2024)
			recommendation was to outsource the operation of the pool to an external provider, Council resolved to operate the pool with Council employees for a further period of time.	

RESOLVED:

1. THAT the Committee note the update.

CARRIED

6.4 Legal matters

To receive any updates on legal matters.

RESOLVED:

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

CARRIED

6.5 Fraud Control

The Committee Annual Meeting Plan includes provision for the Committee to ensure that Council has a Fraud Control Framework and Policy in place and that these are regularly reviewed by the committee (at least bi-annually). It is also a responsibility of the Committee to monitor any reports of fraud that are received by Council.

There have been no reported instances of fraud since the last ARIC meeting.

A draft fraud risk register is currently under development.

RESOLVED:

1. THAT the Committee note the update.

CARRIED

6.6 Update on any non-compliance issues

To receive an update on any non-compliance issues.

Council was issued with a SafeWork NSW Improvement Notice on 16 February 2024. The matter relates to a collision between a grader driven by a Council employee and a NSW RFS fire truck during firefighting operations.

An investigation into the incident is currently underway. In addition, the incident is being investigated by NSW Fire and Rescue and by RFS. The Council employee has also faced the local court on related charges.

A verbal update was provided at the meeting.

RESOLVED:

1. THAT the Committee note the update.

CARRIED

6.7 WHS Self Audit Report

The 2023 Statewide Mutual Continuous Improvement Pathway (CIP) Self-Assessment - Benchmarking Report has now been received and is attached for information of the Committee.

The actions contained within will be actioned through 2024.

RESOLVED:

1. THAT the Committee note the 2023 Benchmarking Report, and
2. THAT the WHS Action Plan be include in the next agenda, with quarterly updates on implementation progress.

CARRIED

6.8 WHS Reporting

A WHS incidents report for the period ended 31 January 2024 is attached for information of the Committee.

RESOLVED:

1. THAT the Committee note the WHS report at 31 January 2024, and
2. THAT further commentary and detail on WHS trends by provided when possible.

CARRIED

ITEM 7. Next Meeting

At the December 2023 ARIC meeting, the Committee adopted the following schedule of meetings for 2024:

- Friday 1 March 2024 (this meeting was rescheduled to 8 March 2024)
- Friday 14 June 2024
- Friday 23 August 2024
- Friday 11 October 2024 (pending financial statements)
- Friday 13 December 2024

RESOLVED:

1. THAT the Committee note that the next meeting is scheduled for 14 June 2024.

CARRIED

The meeting closed at 11.16am.