

11.1. MINUTES - AUDIT RISK AND IMPROVEMENT COMMITTEE - 10 MAY 2023 - ATTACHMENTS

Attachment Titles:

1. Minutes - Audit Risk and Improvement Committee - 10 May 2023

Attachment 1 - Minutes - Audit Risk And Improvement Committee - 10 May 2023**Notice of Meeting**

AUDIT RISK & IMPROVEMENT COMMITTEE

Wednesday, 10 May 2023 at 9:00 AM
Tumut Room / Via Video Link

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1. COMMENCING AT:

9.06am

2. PRESENT:

Steven Walker (Chairperson), Melissa Tooke (External Member), Carolyn Rosetta-Walsh (External Member), Cr Brent Livermore (Councillor Delegate), Cr Julia Ham (Councillor Delegate), Cr Ian Chaffey (Mayor), Phil Swaffield (National Audits Group)

Ken Gouldthorp (General Manager), Jessica Quilty (Director Community and Corporate), Parthiv Parekh (Finance Manager), Brook Penfold (Coordinator Governance),

James Butt (Coordinator Risk and Safety)

3. ACKNOWLEDGEMENT OF COUNTRY:

An acknowledgement of the traditional custodians of the land was delivered by Steven Walker.

4. APOLOGIES:

Apologies were received from Hong Wee Soh (NSW Audit Office) and Danielle MacKenzie (Crowe)

5. DECLARATION OF PECUNIARY INTEREST:

Nil

6. MINUTES OF PREVIOUS MEETING:

6.1. MINUTES - AUDIT RISK AND IMPROVEMENT COMMITTEE - 8 MARCH 2023**ARI.13/23 RESOLVED:****THAT:**

1. The Minutes of the Audit Risk & Improvement Committee meeting held on 8 March 2023 be received.

Melissa Tooke / Brent Livermore

CARRIED

7. BUSINESS ARISING:

Nil

8. AGENDA ITEMS:

Brook Penfold and Phil Swaffield left the meeting, the time being 9.12am.

8.1. ARIC - GENERAL MANAGER'S IN CAMERA SESSION - CONFIDENTIAL**ARI.14/23 RESOLVED:**

THAT THE COMMITTEE:

1. Noted the report ARIC - General Manager's In Camera Session - Confidential

Melissa Tooke / Carolyn Rosetta-Walsh

CARRIED

Brook Penfold and Phil Swaffield entered the meeting, the time being 10.17am

Ken Gouldthorp left the meeting, the time being 10.17am.

8.2. 2022/2023 SHELL ACCOUNTS**ARI.15/23 RESOLVED:**

THAT THE COMMITTEE:

1. Examined and discussed the Shell Accounts for 2022/23 Financial Year.

Steven Walker / Carolyn Rosetta-Walsh

CARRIED

Parthiv Parekh left the meeting, the time being 10.45am.

8.3. DRAFT TERMS OF REFERENCE AND INTERNAL AUDIT CHARTER FOR DISCUSSION**ARI.16/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received the report Draft Terms of Reference and Internal Audit Charter for discussion.
2. Reviewed and discussed the draft Audit Risk and Improvement Committee Terms of Reference SVC-TofR-006-07
3. Reviewed and discussed the draft Internal Audit Charter SVC-GOV-PR-058-02
4. Request input from Council on the expectation placed upon the Audit Risk and Improvement Committee, in alignment with the Draft Risk Management and Internal Audit Guidelines for Local Government NSW that have been drafted by the Office of Local Government.
5. Will undertake a workshop, ahead of the budget cycle, on how the level of assurance will be provided to meet Councils expectation.

Cr Brent Livermore / Melissa Tooke

CARRIED

8.4. INTERNAL AUDIT PLAN 2023-2024 FOR ENDORSEMENT**ARI.17/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received the report on Internal Audit Plan for 2023-2024 for Endorsement
2. Endorsed the first internal audit for 2023-2024 to focus on Project Management inclusive of Contract Management and Grant Management
3. Endorsed the second internal audit for 2023-2024 to focus on Utilities - Water

Steven Walker / Carolyn Rosetta-Walsh

CARRIED**8.5. FINAL INTERNAL AUDIT REPORT - ASSET MANAGEMENT****ARI.18/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received the report on Final Internal Audit Report - Asset Management
2. Examined and discussed the recommendations, management responses and action dates
3. Add the findings #1 and #2 and the associated tasks to the Audit Matrix
4. Present the Final Internal Audit Report - Asset Management to Council as a confidential attachment to the ARIC minutes.

Cr Brent Livermore / Steven Walker

CARRIED

ACTION:

- 1) Draw Councils attention to the findings as outlined in the Final Internal Audit Report - Asset Management
- 2) Council to develop an implementation plan for the actions as outlined in the Final Internal Audit Plan - Asset Management
- 3) Provide update on the status of recommendations 1.1 and 2.1 from the Final Internal Audit Plan - Asset Management
- 4) Provide additional information regarding time and budget for tech one migration - recommendation 2.6
- 5) Recommendation 2.3 has a due date of December 2023, and this could have potential impacts on financial statements. Additional information to be provided to ARIC prior to the August 2023 meeting.

8.6. FINAL INTERNAL AUDIT REPORT - MANAGEMENT ACCOUNTING AND FINANCIAL REPORTING CONTROLS**ARI.19/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received the report on Final Internal Audit Report - Management Accounting and Financial Reporting Controls

2. Examined and discuss the recommendations, management responses and action dates
3. Add the findings #1 and #2 and associated tasks to the Audit Matrix
4. Present the Final Internal Audit Report - Management Accounting and Financial Reporting Controls to Council as a confidential attachment to the ARIC minutes.

Cr Julia Ham / Cr Brent Livermore

CARRIED

ACTION:

- 1) Draw Councils attention to the findings as outlined in the Final Internal Audit Report - Management Accounting and Financial Reporting Controls
- 2) Action dates listed as 31/04/24 to be updated to 30/04/24. Recommendation 1.5 to be updated to 30/04/24 to align with recommendation 1.1
- 3) To take into consideration finding 1.3 when developing scope for the first internal audit for 2023/2024, Project management inclusive of contract management and grant management.

8.7. AUDIT RISK AND IMPROVEMENT COMMITTEE - ACTION REPORT

ARI.20/23 RESOLVED:

THAT THE COMMITTEE:

1. Examined and discussed the status of ARIC actions.
2. Closed out the following as complete
 - a. ARI.62/22 Post Incident Review - Riverina Highlands Building
 - b. ARI.08/23 (1) For your information - Project Office Report
 - c. ARI.08/23 (2) For your information - Project Office Report
 - d. ARI.12/23 (1) Strategic Risk Review
 - e. ARI.12/23 (2) Strategic Risk Review

Cr Julia Ham / Cr Brent Livermore

CARRIED

8.8. AUDIT MATRIX

ARI.21/23 RESOLVED:

THAT THE COMMITTEE:

1. Examined and discussed the Audit Matrix

Carolyn Rosetta-Walsh / Melissa Tooke

CARRIED

ACTIONS

- 1) The Safety Risk and Improvement Committee to be provided updates on items 3122, 3350 and 1336.

8.9. SAFETY, RISK & INSURANCE QUARTERLY UPDATE

James Butt joined the meeting, the time being 11.44am.

ARI.22/23 RESOLVED:

THAT THE COMMITTEE:

1. Noted the Safety, Risk & Insurance Quarterly Update report.

Steven Walker / Carolyn Rosetta-Walsh

CARRIED**NOTE:**

1) The Committee raised concerns regarding the 60 risks without treatment. Coordinator Governance provided information regarding the legislative compliance register accounting for approx. 40 of those risks listed as high or extreme without controls or treatments. The Legislative Compliance register is a list of all legislation relevant to Local Government. Controls and treatments are not necessary for the entire list of applicable legislation.

Julia Ham and James Butt left the meeting, the time being 12.04pm.

8.10. FOR YOUR INFORMATION PROJECT OFFICE REPORT**ARI.23/23 RESOLVED:**

THAT THE COMMITTEE:

1. Review and discuss the For Your Information Project Office Report

Steven Walker / Carolyn Rosetta-Walsh

CARRIED**ACTION:**

- 1) Draw Councils attention to the following amber projects

- Emergency Evacuation and Multi-Purpose Centre
- FOGO Organics Infrastructure

Councillors noted potential impacts of conditions of DA approval on this project. ARIC members noted that Council should reconsider if this project is still viable given the potential impacts of the conditions of the DA approval. ARIC's concern centres around further information that may have come to light that impacts on the various criteria that made this project feasible to proceed to a DA. If feasibility conditions have changed for the negative then the potential risks, including operating financial loss and payback time frames should be re-evaluated as the DA process progresses to approval or otherwise.

- Itinerant Worker Accommodation

The Committee received an update that this project was largely considered complete at the time of the meeting. ARIC members noted the report provided indicates the project was approximately \$350,000 over budget, noting that Council is aiming to have approximately \$225,000 of DSP charges waived (these charges were not identified in the original project budget). ARIC members enquired how Council is funding the additional expenditure on this project.

- Snowview Estate
- Tumut Aerodrome Stage 2
- Tumut Parking Strategy

2) Emergency Evacuation Centre funding is due to run out in 2024, leaving only 12 months for construction. How is this risk being managed?

3) ELT report for the project management framework needs to be provided to the Committee

4) Program Manager to attend the August 2023 Audit Risk and Improvement Committee meeting.

9. GENERAL BUSINESS:

Nil

10. NEXT MEETING

The next meeting will be held on Wednesday 23rd August 2023 commencing at 9am in the Tumut Room and /or via video link.

There being no further business to discuss, the meeting closed at 12.37pm.