

## **11.1 MINUTES - AUDIT RISK AND IMPROVEMENT COMMITTEE - 23 AUGUST 2023 - ATTACHMENTS**

Attachment Titles:

1. Minutes - Audit Risk and Improvement Committee - 23 August 2023

**Attachment 1 - 20230823 - Minutes - Audit Risk and Improvement Committee**



**Notice of Meeting**

**AUDIT RISK & IMPROVEMENT COMMITTEE**

Wednesday, 23 August 2023 at 9:00 AM  
 Tumut Council Chambers 76 Capper Street Tumut / Via Video Link

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**1. COMMENCING AT:**

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9:04 am

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**2. PRESENT:**

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**VOTING:**

Steven Walker (Chairperson); Carolyn Rosetta-Walsh (Independent Member); Cr Brent Livermore (Councillor Voting Member); Julia Ham (Councillor Voting Member);

**NON-VOTING**

Steven Pinnuck (General Manager); Jessica Quilty (Director Community & Corporate); Danielle MacKenzie (External Auditor - Crowe); Phil Swaffield (Internal Auditor - National Audits Group); Parthiv Parekh (Manager Finance); Matthew Suter (Risk Management Officer).

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**3. ACKNOWLEDGEMENT OF COUNTRY:**

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

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**4. APOLOGIES:**

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Melissa Tooke (Independent Member); Hong Wee Soh (Audit NSW).

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**5. DECLARATION OF PECUNIARY INTEREST:**

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Nil

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**6. MINUTES OF PREVIOUS MEETING:**

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**6.1. MINUTES - AUDIT RISK AND IMPROVEMENT COMMITTEE - 10 MAY 2023****ARI.24/23 RESOLVED:****THAT:**

1. The Minutes of the Audit Risk & Improvement Committee meeting held on 10 May 2023 were received.

Carolyn Rosetta Walsh / Cr Brent Livermore

**CARRIED**

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**7. BUSINESS ARISING:**

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Business arising from the previous minutes was deferred to discussion at Agenda Item 8.13.

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**8. AGENDA ITEMS:**

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**8.1. ARIC - GENERAL MANAGER'S IN CAMERA SESSION - CONFIDENTIAL**

There being no confidential report from the incoming General Manager the Committee used the time to make introductions.

**8.2. ENDORSEMENT - INTERNAL AUDIT ENGAGEMENT LETTERS - PROJECT AND CONTRACT MANAGEMENT AS WELL AS DRINKING WATER MANAGEMENT****ARI.25/23 RESOLVED:**

THAT THE COMMITTEE:

1. Endorsed the Internal Audit Engagement Letter - Project and Contract Management as the first internal audit to be undertaken during 2023/24
2. Endorsed the Internal Audit Engagement Letter - Drinking Water Quality as the second internal audit to be undertaken during 2023/24.

The Committee discussed the selection of projects for the audit sample. The selection of sample projects will be influenced by factors such as the complexity of projects and should include a range of completed projects of various sizes and complexities. The internal auditor explained the scope of the audit included contractually outsourced functions of Council and whole-of-life performance of grant funded projects.

The Committee discussed the scope of the Drinking Water Quality audit with regard to the inclusion of Council's role as a regulatory authority for developments. This could be added into the internal audit scope.

Cr Brent Livermore / Carolyn Rosetta Walsh

**CARRIED**

**8.3. REHABILITATION PROVISIONS FOR LANDFILLS AND QUARRIES****ARI.26/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report on Rehabilitation Provisions for Landfills and Quarries.

The Manager Finance presented the report. The Committee discussed the Council's approach to end-of-life process for active landfills and quarries. The Committee has requested assurance from Council that there are plans in place for closure of waste and quarry facilities.

Steven Walker / Cr Brent Livermore

**CARRIED**

**8.4. NSW AUDITOR-GENERAL'S REPORT ON LOCAL GOVERNMENT 2022**

Myr Ian Chaffey joined the meeting at 9:40am.

**ARI.27/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report on the NSW Auditor-Generals Report on Local Government 2022.
2. Council to write to the RFS to request asset information required for Financial Reporting.

The Committee discussed the reporting of RFS assets in Council's financial statements and the materiality of what resources would be required to perform a stock take of RFS assets. It was noted that the number of other Councils that are not reporting RFS assets has reduced over recent years.

Steven Walker / Cr Julia Ham

**CARRIED**

#### **8.5. DRAFT - POSITION PAPER - INFRASTRUCTURE PROPERTY PLANT AND EQUIPMENT (IPPE)**

##### **ARI.28/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report on the Draft Position Paper - Infrastructure, Property, Plant and equipment (IPPE).

Steven Walker / Cr Julia Ham

**CARRIED**

#### **8.6. DRAFT 2022/23 FINANCIAL STATEMENTS**

##### **ARI.29/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and discussed the Draft Financial Statements.

The Manager Financial Accounting presented the report to the Committee. The Committee discussed the timeframes for meeting the finalisation of the financial statements.

Steven Walker / Cr Brent Livermore

**CARRIED**

#### **8.7. ARIC ACTION REPORT - AS OF 23 JULY 2023**

##### **ARI.30/23 RESOLVED:**

THAT THE COMMITTEE:

1. Examined and discuss the status of ARIC actions
2. Closed out the following as complete
  - a. ARI.23 Nov ARIC Meeting - General Business
  - b. ARI.18/23 (3) Final Internal Audit Report - Asset Management
  - c. ARI.18/23 (4) Final Internal Audit Report - Asset Management
  - d. ARI.18/23 (A1) Final Internal Audit Report - Asset Management
  - e. ARI.18/23 (A2) Final Internal Audit Report - Asset Management
  - f. ARI.18/23 (A3) Final Internal Audit Report - Asset Management
  - g. ARI.18/23 (A4) Final Internal Audit Report - Asset Management

- h. ARI.19/23 (3) Final Internal Audit Report - Management Accounting and Financial Reporting Controls
- i. ARI.19/23 (4) Final Internal Audit Report - Management Accounting and Financial Reporting Controls
- j. ARI.19/23 (A1) Final Internal Audit Report - Management Accounting and Financial Reporting Controls
- k. ARI.19/23 (A2) Final Internal Audit Report - Management Accounting and Financial Reporting Controls
- l. ARI.19/23 (A3) Final Internal Audit Report - Management Accounting and Financial Reporting Controls
- m. ARI.21/23 (A1) Audit Matrix
- n. ARI.23/23 (A1) For Your Information Project Office Report
- o. ARI.23/23 (A2) For Your Information Project Office Report
- p. ARI.23/23 (A3) For Your Information Project Office Report
- q. ARI.23/23 (A4) For Your Information Project Office Report

Danielle MacKenzie left the meeting at 10:27am.

Steven Walker / Cr Julia Ham

**CARRIED**

### **8.8. AUDIT MATRIX AS OF 28 JUNE 2023**

#### **ARI.31/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report.
2. Noted the Audit Recommendations opened in the period:
  - a. 3474 - Internal Audit - Asset Management - Framework - May 2023
  - b. 3476 - Internal Audit - Asset Management - System and Processes - May 2023
  - c. 3484 - Internal Audit - Management Accounting - Budget Processes - May 2023
  - d. 3489 - Internal Audit - Management Accounting - Reporting and Training - May 2023
3. Noted the Audit Recommendations closed in the period:
  - a. 2809 - Internal Audit - Recruitment and Termination - Employment Screening - February 2022
4. Requested that a report be provided on the overdue actions at the extra-ordinary ARIC meeting.

The Committee discussed the number of overdue actions without update reports. It was noted that these overdue action reports have not been provided at the last 3 ARIC meetings. Carolyn Rosetta-Walsh asked if Council were accepting the risks posed by the non-closure of these overdue actions and requested a report into their progress.

Cr Julia Ham / Steven Walker

**CARRIED**

**8.9. INSURANCE ARRANGEMENTS****ARI.32/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report.

Steven Walker / Cr Brent Livermore

**CARRIED**

**8.10. LEGAL MATTERS****ARI.33/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report.

Steven Walker / Carolyn Rosetta-Walsh

**CARRIED**

**8.11. RISK MANAGEMENT FRAMEWORK****ARI.34/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report.

Steven Walker / Cr Julia Ham

**CARRIED**

**8.12. RISK AND SAFETY UPDATE****ARI.35/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received the noted the report.

Steven Walker / Cr Julia Ham

**CARRIED**

**8.13. FOR YOUR INFORMATION - PROJECT OFFICE REPORT****ARI.36/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report.

The Project Management Officer presented the report. The Committee discussed the current feasibility of the FOGO business case given the timeframe for delivery of the completed project and the capability



of Council for delivery of a Brindabella Road upgrade project. The Committee discussed the potential for the Project Office Report to be a standing agenda item for future meetings.

Steven Walker / Cr Brent Livermore

**CARRIED**

#### **8.14. FOR YOUR INFORMATION - 2022-2023 OPERATIONAL PLAN QUARTER THREE (3) PROGRESS REPORT (1 APRIL TO 30 JUNE 2023)**

##### **ARI.37/23 RESOLVED:**

THAT THE COMMITTEE:

1. Received and noted the report.

The Committee were presented with the report by the Director of Community & Corporate.

Steven Walker / Carolyn Rosetta-Walsh

**CARRIED**

### **9. GENERAL BUSINESS:**

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#### **Valuations reports**

Water assets valuation did not capture the values of the underground reticulation of storm water. Are the asset valuations captured elsewhere?

#### **ARIC Self-Review**

The Chair raised the annual ARIC self-assessment which will be sent out in the next couple of weeks. The report on the results will be presented at the next regular ARIC meeting.

### **10. NEXT MEETING**

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The next meeting will an extraordinary meeting to be held on Wednesday 27 September 2023, at 9:00am.