

## **1. ATTACHMENTS**

### **10.4 AUDIT, RISK AND IMPROVEMENT COMMITTEE ANNUAL REPORT 2023/2024 - ATTACHMENT**

Attachment Titles:

1. Audit Risk and Improvement Committee Annual Report - 2023/2024

**Attachment 1 - Audit Risk and Improvement Committee Annual Report 2023-2024**



Annual Report 2023/2024 – Audit Risk & Improvement Committee

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***Acknowledgement***

*The Committee would like to acknowledge the contributions of the Committee Members, Internal Auditor, External Auditor, NSW Audit Office, Management and Staff that regularly present and attend Audit Risk and Improvement Committee meetings.*

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Annual Report 2023/2024 – Audit Risk & Improvement Committee

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**ARIC Chairperson Report 2023/2024**

This annual report provides the Council with details on how the Committee has discharged its responsibilities contained in the Committee's Charter with respect for the period November 2023 to 30 June 2024.

During the period Council's internal auditor, National Audit Group, presented a program of two separate internal audit reviews. Further details can be found in the body of the report.

The Committee has then provided oversight as to the implementation of the recommendations that addressed the identified risks in accordance with the internal audit risk framework and council's risk appetite policy.

However, this plan remains in a fluid state ready to respond to any changes, challenges and emerging risks associated with Council's operations.

**Kylie McRae**

**Independent Chair**

**Audit, Risk and Improvement Committee**

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## Annual Report 2023/2024 – Audit Risk & Improvement Committee

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### Executive Summary

This Annual Report of the Snowy Valleys Council Audit, Risk and Improvement Committee ("the Committee" or "ARIC") covers the activities of the Committee for the period November 2023 to 30 June 2024.

The Committee was established by the Council in August 2016.

The Committee reports to the Council following each meeting of the committee. In addition, an annual report is provided to Council of the activities undertaken during the year.

### Role & Responsibilities

The objective of the Committee is to provide independent assurance and assistance to the Snowy Valleys Council (SVC or Council) on risk management, internal controls, governance, and external accountability responsibilities. An effective committee has the potential to strengthen the control environment (of which it is part) and assist the General Manager and Council to fulfil their stewardship, leadership and internal control responsibilities.

Section 428A of the *Local Government Act 1993* states the following in respect of Audit, Risk and Improvement Committees:

- The council must appoint an Audit, Risk and Improvement Committee.
- The Committee must keep under review the following aspects of the council's operations:
  - Compliance
  - Risk management
  - Fraud control
  - Financial management
  - Governance
  - Implementation of the strategic plan, delivery program and strategies
  - Service reviews
  - Collection of performance measurement data by the council
  - Any other matters prescribed by the regulations.
- The Committee is also able to provide information to the council for the purpose of improving the council's performance of its functions.

The Committee's authority and scope of its role and responsibilities is outlined in the Committee's Terms of Reference SVC-TofR-007.

### Membership

The Committee, as per the Terms of Reference, notes that committee members and the Chair of the Committee should be appointed by the Council and in consultation with the Committee. Terms of appointment of members are for four years on a rotational basis.

Until 30 June 2024, membership of the Committee was made up of a minimum of two and no more than three independent external members, and a minimum of one and no more than two Councilors up till the 30 June 2024.

### Annual Report 2023/2024 – Audit Risk & Improvement Committee

The membership consisted of the following individuals:

NAME	POSITION
Steven Walker	Previous Independent External Voting Member - Chair - End Date 30/03/2024
Kylie McRae	Current - Independent External Voting Member Chair – start date 17/05/2024
Carolyn Rosetta-Walsh	Current - Independent External Voting Member – Reinstated 30/03/2024 for a further 4yrs Current
Melissa Tooke	Previous - Independent External Member End Date 30/03/2024
Dennis Vaccher	Current - Independent External Voting Member - start date 17/05/2024
Julia Ham	Councillor Delegate Voting – End Date 30/06/2024
Brent Livermore	Councillor Delegate Voting – End Date 30/06/2024

NON-VOTING ATTENDEES	NON-VOTING POSITION
Steven Pinnuck	Interim General Manager
Jessica Quilty	Director Community and Corporate
Parthiv Parekh	Previous Finance Manager
James Butt	Coordinator Risk and Safety
Trudy Crawford	Programs Manager
Matthew Suter	Risk and Management Officer
Michelle Marsh	Coordinator Governance

Invitations are extended to the Council's internal auditor, National Audits Group and Council's contracted external auditor, The Audit Office of NSW, to attend each meeting as required.

### Remuneration

Independent external members of the Committee are paid for their services and are remunerated in accordance with and pursuant to Council Resolution No. M95/24



## Annual Report 2023/2024 – Audit Risk & Improvement Committee

### Current Independent Committee Member Profiles

Committee Member	Profile
Current External Members	
Kylie McRae	30 years' experience in internal and external audit, governance, risk management and compliance, local government knowledge and practicing accountant meets the essential criteria under the new changes. Currently sits on 5 other ARIC's.
Dennis Vaccher	30 years' experience in internal and external audit, risk management, local government knowledge, high level of experience with financial matters, governance and meets the essential criteria under the new changes. Currently sits on 2 ARIC's
Carolyn Rosetta- Walsh	25 years' experience in internal and external audit, local government knowledge, in depth understanding of risk management, fraud control, financial control, governance and meets the essential criteria under the new changes. Currently sits on 6 ARIC's, including the current Snowy Valleys Council ARIC.

### Committee Activities and Outcomes

The Audit, Risk and Improvement Committee would like to highlight the following activities and outcomes of 2023/24 to Council.

The Committee received and considered the following quarterly reports:

- Verbal Confidential General Managers Report
- Audit Matrix Report
- Action Report
- ARIC Action Report
- Major Project Status Report Quarterly Update
- Integrated Planning and Reporting Quarterly Update
- External Audit Plan, Progress Report and Management Letter (interim and final)
- Operational Plan

### Risk Management

The main role of the Committee is to review and monitor the effectiveness of the key controls in place to manage and mitigate the risks encountered by the Council.

During the year, the Committee considered the organisational risks facing the Council and monitored management plans to mitigate or treat risk exposures, through regular updates on emerging and critical risks and key capital projects at each meeting.

The Committee received and considered the following risk management reports:

- Enterprise Risk Management Framework
- Cyber Security & IT Change Management Policies
- Insurance matters
- Legal Matters Report.

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## Annual Report 2023/2024 – Audit Risk & Improvement Committee

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### Control Framework

Throughout the year, the Committee considered internal audit reports, reports from senior management, updates from the General Manager and reviewed key policies to obtain assurance that internal controls were working effectively, and appropriate policies, procedures and delegations were in place.

The Committee was able to ask direct questions of management attending Committee meetings thereby ensuring management is committed to implementing a sound and effective internal control framework.

The Committee received and considered the following control framework reports:

- Policies and Procedures Update
- Delegation Management

### External Audit/External Accountability

The Committee undertakes a general oversight role of the external auditor's audit scope, approach and reliance on internal audit activity. The Committee monitors management's implementation of recommendations identified within the external auditor's management letters.

The Committee has a role in the oversight of the Council's financial statements. During the year the Committee considered Council's 2023/24 financial statements and external audit focus areas.

The Committee received and considered the following financial reports:

- Quarterly budget review reports for first and second quarter 2023/2024
- Draft SVC 2023/2024 Financial Statements.

### Legislative Compliance

The Committee undertakes a monitoring role in relation to legislative compliance. Each internal audit undertaken considers compliance with the legislation applicable to the service area. The Committee receives updates from the General Manager, via a confidential verbal report, at each meeting, including any compliance matters, significant compliance breaches and key legal matters.

The Committee also noted the implications of publications from a range of public bodies including:

- NSW Auditor General's Report on Local Government 2023
- NSW Auditor General's Report on Managing Climate Risks to Assets and Services
- NSW Auditor General's Report on Managing Cyber Risks
- Office of Local Government Updated Integrated Planning and Reporting Guidelines

### Internal Audit

Internal audit is a key component of the Council's assurance framework. The primary objective of internal audit is to provide an assurance framework to underpin the risk management program. This includes reviews of processes and controls over high risks as determined through the risk planning process. The internal audit function provides independent appraisal of the adequacy and effectiveness of internal controls. Internal audit is responsible administratively to the General Manager and reports to ARIC.

At each meeting, the Committee received a progress update regarding the status of the internal audit program, as well as the status of management's implementation of internal audit action items arising from previous audits.



### Annual Report 2023/2024 – Audit Risk & Improvement Committee

In 2023, after a procurement process was undertaken through Vendor Panel, the Council in consideration of ARIC's recommendation, reappointed National Audits Group as the Internal Audit Provider for a further two years.

In 2023, the Committee received and endorsed the following two internal audits to be undertaken in the 2024/2025 financial year:

- Internal Audit Report – Projects and Contract management
- Internal Audit Report - Drinking Water Management.

### Conduct of Committee

During the period the Audit, Risk and Improvement Committee met on three occasions.

Minutes are circulated to all members of the Committee following each meeting and reported to the Council.

Details of Committee members' attendance at meetings during the period were as follows:

Member	November 2023	March 2024	May 2024
Steven Walker - Previous Chair	Y	Y	NA
Kylie McRae - Current Chair	NA	NA	Y
Carolyn Rosetta-Walsh - Current Independent	Y	Y	Y
Dennis Vaccher - Current Independent	NA	NA	Y
Melissa Tooke - Previous Independent	Y	N	N
Councillor Julia Ham End date 30/06/2024	Y	Apology	Y
Councillor Brent Livermore End Date 30/06/2024	Y	Y	Y

### Annual Report 2023/2024 – Audit Risk & Improvement Committee

Invited attendees at meetings during the period were as follows:

Attendee	November 2023	March 2024	May 2024
Mayor	Y	Y	Y
Interim General Manager Current	Y	Y	Y
Director Community & Corporate	Y	Y	Y
Coordinator Risk and Safety	Y	N	N
Risk Management Officer	Y	Y	Y
Finance Manager	Apology	Y	Y
External Auditor	Apology	Y	Apology
Internal Auditor	Apology	Y	Y
Audit Office NSW Representatives	Apology	Y	Y

### Outlook for 2024/2025

The Committee will continue to provide assurance during this dynamic period by ensuring internal audits are relevant and effective at mitigating risk while improving overall business performance.

The Committee will continue to receive and consider reports, presentations, and other information to allow the Committee to be able to provide reasonable assurance to the Council that an adequate system of internal controls is in place to support the:

- effectiveness and efficiency of operations.
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

The Committee looks forward to continuing to receive presentations and reports from the Council's internal auditors, National Audits Group as well as the Council's external auditors, the Audit Office of NSW.

The following activities will continue to be undertaken:

- The chairperson input into the draft agenda to ensure effective agenda prioritisation, thereby giving the reassurance that the Committee can adequately discharge its responsibilities and add value through effective member contribution.
- Supporting documentation and reporting provided to the Committee is continuously reviewed, refined and updated based upon feedback from Committee members at each meeting.
- Annual review of the Committee's forward meeting plan to ensure it remains relevant, contemporary and allows the Committee to meet all its commitments.



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