



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit, Risk and Improvement Committee Meeting

19 September 2018

**AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COOMA LIBRARY, 61 VALE STREET, COOMA NSW 2630**

ON WEDNESDAY 19 SEPTEMBER 2018

MINUTES

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**MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COOMA LIBRARY, 61 VALE STREET, COOMA NSW 2630**

**ON WEDNESDAY, 19 SEPTEMBER 2018
COMMENCING AT 10AM**

PRESENT:

Voting Attendees:

Max Shanahan, Chair
Miles Pearson, External Member
John Barbeler, External Member
Adam Vine, External Member
Councillor John Castellari Council Member

Non-Voting Attendees:

Peter Bascomb, Acting General Manager
Tarang Kamath, Senior Internal Auditor

Guests:

Peter Cannizzaro, Director Corporate and Community Services – left at 12.50pm
Petrina Cannon, Organisational Risk Officer – arrived at 10.16am left at 11.40am
Matthew Payne, Chief Financial Officer – arrived at 10.55am left at 12.50pm
Lawrissa Chan, Director – Audit Office – arrived at 10.36am left at 12.50pm
Brad Bohun, Senior Partner – Crowe Horwath – dialled in at 11.45am left at 11.50am

Secretariat:

Lisa McKenzie, Administration Officer IBD
Erin Donnelly, Secretary to Council and Committees – left at 11.00am

1. OPENING OF THE MEETING

The Chair opened the meeting at 10AM

2. APOLOGIES

An apology for the meeting was received from Michael Kharzoo, Audit Leader – Audit Office

3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

Nil

4. ADOPTION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING 29 MAY 2018

COMMITTEE RECOMMENDATION

ARIC72/18

THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 29 May 2018 are

confirmed as a true and accurate record of proceedings.

Moved Mr Vine

Seconded Mr Barbeler

CARRIED

5. BUSINESS ARISING

Adjournment of Meeting

At 11.35am the meeting adjourned for morning tea.

Resumption of Meeting

The meeting resumed at 11.45am.

Adjournment of Meeting

At 12.26pm the meeting adjourned for lunch.

Resumption of Meeting

The meeting resumed at 12.54pm.

6. STATUS REPORTS

6.1 STATUS REPORT - RISK MANAGEMENT - JUNE TO AUGUST 2018

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Organisational Risk Officer
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	Nil
Cost Centre	3135 – Risk Management
Project	Operational Report
Further Operational Plan Actions:	

EXECUTIVE SUMMARY

This is the third report submitted to the Audit, Risk and Improvement Committee (ARIC) since amalgamation of the three former Council areas in May 2016.

This document formally acknowledges that an Enterprise Risk Management Framework (ERM) includes all aspects of risk within an organisation; and now includes references to the sub-category of Work Health Safety (WHS). Future reports will include progress in the WHS area as that framework is developed.

This report contains information and responses to actions arising from the last ARIC meeting; specifically

relating to the timeline and creation of Council's ERM Framework and Business Continuity Plans.

This report has been reformatted to demonstrate Council's compliance to the recently published document; ISO31000:2018 Risk Management – Guidelines.

The following officer's recommendation is submitted for the ARIC Committee's consideration.

COMMITTEE RECOMMENDATION	ARIC73/18
That the Audit, Risk and Improvement Committee	
A. Request a summarised version of the work plan for implementation of Enterprise Risk Management Framework.	
B. Request an update on the Business Continuity Plan out of session.	
C. Request that the minutes of the Emergency Management Committee meeting be provided.	
Moved Mr Vine	Seconded Mr Barbeler
	CARRIED

6.2 PROGRESS REPORT ON AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATIONS

Record No:

Responsible Officer:	Acting General Manager
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	1. Status Report Recommendations Audit Risk and Improvement Committee
Cost Centre	3136

EXECUTIVE SUMMARY

The Audit, Risk and Improvement Committee (Committee) makes resolutions in relation to the reports presented at its meetings. This paper serves to provide a status report on the progress of the Committee recommendations.

The following officer's recommendation is submitted for the Audit, Risk and Improvement Committee consideration.

COMMITTEE RECOMMENDATION	ARIC74/18
That the Audit, Risk and Improvement Committee note the progress report on Committee	

recommendations from the meetings of this Committee.

CARRIED

6.3 PROGRESS REPORTS - INTERNAL AUDIT RECOMMENDATIONS

Record No:

Responsible Officer: Acting General Manager
Author: Senior Internal Auditor
Key Direction: 4. Leadership Outcomes
Delivery Plan Strategy: 10.2 Sound governance practices direct Council business and decision making
Operational Plan Action: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. Progress Report Audit 2 - Cash Handling at Remote Sites and Customer Service Offices (SRSC)
2. Progress Report Audit 16-01 - Cash Handling (SMRC)
3. Progress Report Audit 16-02 - Fraud Control Health Check (SMRC)
4. Progress Report MIR 17-01 - Review Platypus Country Visitor Information Centre
5. Progress Report Audit 16-04 - Governance Health Check
Cost Centre 3136

EXECUTIVE SUMMARY

Each meeting a report is prepared by responsible officers on the progress to date of audit recommendations. There are two overdue recommendations and two deferred recommendations, however there are no requests for extensions from original target dates.

The following officer's recommendation is submitted for the Audit, Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC75/18

That the Audit, Risk and Improvement Committee

- A. Note the report on the progress internal audit recommendations.
- B. Note the progress reports
 - (a) Audit 2 Cash Handling Remote Sites (SRSC)
 - (b) Audit 16-01 Cash Handling SMRC
 - (c) Audit 16-02 - Fraud Control Health Check (SMRC)
 - (d) MIR 17-01 - Review Platypus Country Visitor Information Centre
 - (e) Audit 16-04 Governance Health Check

- C. Recommend that more specific and informative progress comments are provided in the progress report to justify the change in completion percentage.
- D. Recommend that when recommendations are late or deferred, that management provide an assessment of the risk associated with the delay or deferral, including any compensatory controls that are in place to manage the risk.
- D. Recommend that when target dates are updated, the original target date and compensating controls be mentioned in the progress comments.
- E. Recommend that Internal Audit re-visit Platypus Country Visitor Information Centre for a follow-up review.

Moved Mr Vine

Seconded Mr Barbeler

CARRIED

6.4 STATUS REPORT - INTERNAL AUDIT ACTIVITIES JULY TO SEPTEMBER 2018

Record No:

Responsible Officer: Acting General Manager
Author: Senior Internal Auditor
Key Direction: 4. Leadership Outcomes
Delivery Plan Strategy: 10.2 Sound governance practices direct Council business and decision making
Operational Plan Action: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. Draft Internal Audit Work Plan July 2018 to June 2019
2. Draft Audit Universe
3. RMS DRIVES24 SMRC Compliance Audit Certificate 2018
4. RMS DRIVES24 SMRC Compliance Audit Template 2018
5. Internal Audit Annual Report 2017-2018
Cost Centre 3136

EXECUTIVE SUMMARY

This report serves to inform the Audit, Risk and Improvement Committee (the Committee) of the Internal Audit activities for the period July to September 2018. Recruitment of the Senior Internal Auditor was successful, with the appointment of Tarang Kamath commencing on 2 July 2018.

The following officer's recommendation is submitted for the Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC76/18

- That the Audit, Risk and Improvement Committee
- A. Note the status report of Internal Audit Activities for the period July to September 2018.
 - B. Recommend substituting Media and Communication Audit with Payroll Audit in the Internal Audit Annual Work Plan 2018-2019.
 - C. Recommend that Internal Audit consider the NSW Audit Office's Annual Work Program during the development of SMRC's Internal Audit Work Program.
 - D. Recommend that the request for tender of the new corporate information system, once approved,

be made available to Internal Audit.

- E. Recommend corrections as discussed at the meeting to the Internal Audit Annual Report for the Financial Year 2017-2018.
- F. Recommend that the Chair present the Final Internal Audit Annual Report for the Financial Year 2017-2018 to the next meeting of Council.

Moved Mr Vine

Seconded Mr Pearson

CARRIED

6.5 STATUS REPORT - FRAUD AND CORRUPTION CONTROL

Record No:

Responsible Officer: Acting General Manager
Author: Senior Internal Auditor
Key Direction: 4. Leadership Outcomes
Delivery Plan Strategy: 10.2 Sound governance practices direct Council business and decision making
Operational Plan Action: 10.2.1 Independent audit and risk framework drives accountability
Attachments: Nil
Cost Centre
Project
Further Operational Plan Actions:

EXECUTIVE SUMMARY

Fraud and Corruption Control activities is a standard item on the Audit, Risk and Improvement Committee Agenda. The report advises the Committee of any allegations of fraudulent or corrupt conduct reported to the General Manager or to an external body such as ICAC.

The following officer's recommendation is submitted for Audit, Risk and Improvement Committee consideration.

COMMITTEE RECOMMENDATION

ARIC77/18

That Audit, Risk and Improvement Committee note the status report on Fraud and Corruption Control.

CARRIED

6.6 STATUS REPORT ON EXTERNAL AUDITS

Record No:

Responsible Officer: Acting General Manager

Author: Senior Internal Auditor
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. Audit Arrangements - Snowy Monaro Regional Council
2. Progress Report External Audit Recommendations 2016-2017
3. Progress Report External Audit Recommendations 2017-2018
4. JLT Risk and Audit Maturity Assessment (RAMA) Report - Snowy Monaro Regional Council
Cost Centre 3136

EXECUTIVE SUMMARY

External Audits are performed at Snowy Monaro Regional Council for various stakeholders. This report serves to inform the Audit, Risk and Improvement Committee (the Committee) of the results of audits performed, progress on recommendations of the audits and relevant information provided by the stakeholders.

Council was advised that the Audit Office of New South Wales has brought the audit of Council's financial statements in-house.

Results of the Risk and Audit Maturity Assessment (RAMA) undertaken by Jardine Lloyd Thompson Pty Ltd (JLT) (Scheme Manager of Statewide Mutual) is included for the information of the Committee.

The following officer's recommendation is submitted for Audit, Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC78/18

That the Audit, Risk and Improvement Committee

- A. Note the change in audit arrangements communicated by the Audit Office of New South Wales
- B. Note the progress reports
 - (a) External Audit Recommendations 2016-2017
 - (b) External Audit Recommendations 2017-2018
- C. Note the JLT Risk and Audit Maturity Assessment results

CARRIED

6.7 DRAFT 2018 FINANCIAL STATEMENTS

Record No:

Responsible Officer: Director Corporate and Community Services

Author: Chief Financial Officer
Key Direction: 4. Leadership Outcomes
Delivery Plan Strategy: 11.2 Council utilises sound fiscal management practices, pursues and attracts other sources of income
Operational Plan Action: 11.2.2 Provision of statutory reporting enables our leaders to make decisions on Council's financial sustainability
Attachments:
Cost Centre 4010 Financial Services
Project 2018 Financial Statements
Further Operational Plan Actions:

EXECUTIVE SUMMARY

As requested at the 29 May 2018 Audit Risk and Improvement Committee Meeting (ARIC), a copy of the draft 2018 General Purpose and Special Purpose Financial Statements are to be provided for review on 14 September 2018. The statements encompass the period 1 July 2017 to 30 June 2018.

There is a report to the ordinary council meeting on 20 September 2018 recommending that council authorize the referral of the financial statements to the external auditor in accordance with Section 413(2) of the Local Government Act 1993.

Our external auditors, Crowe Horwath, are expected to be on site from 24 September 2018. It is anticipated that the Independent Auditor's Report will be received from the Audit Office of NSW on 26 October 2018.

In accordance with Section 417(5) of the Local Government Act 1993, council is required to lodge its Audited Financial Statements and Financial Data Return (FDR) to the Office of Local Government by 31 October 2018.

The following officer's recommendation is submitted for ARIC's consideration.

COMMITTEE RECOMMENDATION	ARIC79/18
That the Audit, Risk and Improvement Committee receive and note the draft 2018 General Purpose and Special Purpose Financial Statements.	
	CARRIED

6.8 2018 INTERIM MANAGEMENT LETTER - AUDIT OFFICE OF NSW

Record No:

Responsible Officer: Director Corporate and Community Services

Author: Chief Financial Officer
Key Direction: 4. Leadership Outcomes
Delivery Plan Strategy: 10.2 Sound governance practices direct Council business and decision making
Operational Plan Action: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. Interim Management Letter 2018
Cost Centre 4010 Financial Services
Project
Further Operational Plan Actions:

EXECUTIVE SUMMARY

Council received the Management Letter on the Interim Phase of the Snowy Monaro Regional Council Audit for year ending 30 June 2018 from the Audit office of NSW on 21 August 2018.

The following officer's recommendation is submitted for ARIC's consideration.

COMMITTEE RECOMMENDATION

ARIC80/18

That the Audit, Risk and Improvement Committee receive and note the Management Letter on the Interim Phase of the Snowy Monaro Regional Council Audit for year ending 30 June 2018.

CARRIED

7. SPECIAL AGENDA ITEMS

Nil

8. GENERAL BUSINESS

8.1 STATECOVER ANNUAL REPORT 2016/17

Record No:

Responsible Officer: Director Corporate and Community Services
Key Direction: 7. Providing Effective Civic Leadership and Citizen Participation
Delivery Plan Strategy: DP7.3.1.2 Provide a work place that ensures the health, safety and wellbeing of employees is maintained through the management of potential risks
Operational Plan Action: OP7.25 Develop and implement WHS policies, procedures and resources for managers and workers.
Attachments: 1. SMRC 2016-2017 Workers Compensation and WHS Report
Cost Centre 6010

Project Snowy Monaro Regional Council Skin Screening Analysis

EXECUTIVE SUMMARY

Snowy Monaro Regional Council's (SMRC) insurer Statecover, provides an Annual Report summarising Council's performance across various workplace risk indicators, as well as an overview of how the mutual has assisted Council manage the complexities of workplace risk.

The 2016/17 report states SMRC is performing well when compared to the Office of Local Government Group (OLG Group) and were ranked number 1 of the top 10 lowest average premium rates of all Statecover members for the reporting year.

SMRC scored below the average in relation to Early Injury Reporting which refers to the number of reported injuries to Statecover within 48 hours of Council becoming aware. This is a legislative requirement and a focus area for improvement.

The report was presented to the Executive Leadership Team on 21 June and to Council 19 July 2018.

The following officer's recommendation is submitted for Council's consideration.

COMMITTEE RECOMMENDATION

ARIC81/18

That the Audit, Risk and Improvement Committee note the Snowy Monaro Regional Council 2016/17 Workers Compensation and WHS Report.

CARRIED

8.2 AUDIT, RISK AND IMPROVEMENT COMMITTEE SCHEDULE OF REVIEW

Record No:

Responsible Officer:	Acting General Manager
Author:	Senior Internal Auditor
Key Direction:	4. Leadership Outcomes
Delivery Plan Strategy:	10.2 Sound governance practices direct Council business and decision making
Operational Plan Action:	10.2.1 Independent audit and risk framework drives accountability
Attachments:	1. SMRC ARIC Work Schedule 2017 to 2021
Cost Centre	3136

EXECUTIVE SUMMARY

Attached the Schedule of Review for the Audit, Risk and Improvement Committee for information.

The following officer's recommendation is submitted for the Audit, Risk and Improvement Committee information.

COMMITTEE RECOMMENDATION

ARIC82/18

That the Audit, Risk and Improvement Committee note the information contained in the Schedule of Review for the coming periods.

CARRIED

8.3 ENTERPRISE RISK MANAGEMENT POLICY

Record No:

Responsible Officer: Executive Manager Innovation & Business Development
Author: Organisational Risk Officer
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. Draft Policy 163 - Enterprise Risk Management
Cost Centre 3135 – Risk Management
Project Operational Report
Further Operational Plan Actions: None

EXECUTIVE SUMMARY

The purpose of the Enterprise Risk Management Policy as the cornerstone of Council’s ERM framework, is to embed a risk awareness culture into the daily fabric of council operations.

The present policy “SMRC 163 – Enterprise Risk Management” was adopted by Council at its meeting 27 September 2017 and is now requiring changes which reflect the recently adopted International Standard “ISO31000: 2018 Risk Management – Guidelines” as well as changes to Council’s Enterprise Risk Management procedures.

Once endorsed by the ARIC the policy will be submitted to the Executive Leadership Team for their signoff; then sent to Council for adoption.

The following officer’s recommendation is submitted for the Audit, Risk and Improvement Committee’s consideration.

COMMITTEE RECOMMENDATION

ARIC83/18

That the Audit, Risk and Improvement Committee note the progress on the development of the Enterprise Risk Management Policy and Management consider the comments provided during the meeting.

CARRIED

8.4 STRATEGIC RISK REGISTER

Record No:

Responsible Officer: Executive Manager Innovation & Business Development
Author: Organisational Risk Officer
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.2 Sound governance practices direct Council business and decision making
Delivery Program Objectives: 10.2.1 Independent audit and risk framework drives accountability
Attachments: 1. SMRC Strategic Risk Register
Cost Centre 3135 – Enterprise Risk Management
Project Operational Report
Further Operational Plan Actions: None

EXECUTIVE SUMMARY

Strategic risks were workshopped and agreed to during the Executive Leadership Team workshop held 24 May 2018. These risks have now been entered into Council's risk register.

The Executive Management Team is presently workshopping the controls and actions Council can take to mitigate risks to Council's appetite level.

The following officer's recommendation is submitted for Audit, Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC84/18

That the Audit, Risk and Improvement Committee note the Strategic Risk Register and Management consider the comments provided during the meeting.

CARRIED

8.5 STATEWIDE MUTUAL - CONTINUOUS IMPROVEMENT PATHWAY PROGRAMME 2018/2019

Record No:

Responsible Officer: Executive Manager Innovation & Business Development
Author: Organisational Risk Officer
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.2 Sound governance practices direct Council business and decision making

Delivery Program Objectives: 10.2.1 Independent audit and risk framework drives accountability

Attachments: 1. Statewide Mutual 2017

Cost Centre 3135 – Risk Management

Project Statewide Mutual – Continuous Improvement Pathway Programme 2018/2019

Further Operational Plan Actions: Nil

EXECUTIVE SUMMARY

The purpose of this report is to brief the Audit, Risk and Improvement Committee with regard to Council's performance and future activities within the Statewide Mutual CIP program.

The following officer's recommendation is submitted for Audit, Risk and Improvement Committee's consideration.

COMMITTEE RECOMMENDATION

ARIC85/18

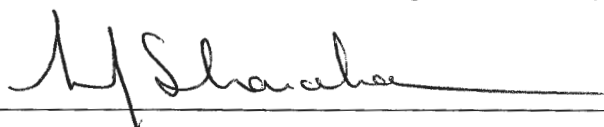
That the Audit, Risk and Improvement Committee note the information contained within Statewide Mutual - Continuous Improvement Pathway Programme 2018/2019.

CARRIED

9. NEXT MEETING

Wednesday, 5 December 2018

There being no further business the Chair declared the meeting closed at 1.50pm



CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 19 September 2018 were confirmed by Committee at a duly convened meeting on 5 December 2018 at which meeting the signature hereon was subscribed.