



**SNOWY MONARO**  
REGIONAL COUNCIL

# **Minutes**

**Audit, Risk And Improvement Committee Meeting**

**12 September 2019**



**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING  
HELD IN COUNCIL CHAMBERS, 81 COMMISSIONER STREET, COOMA NSW 2630**

**ON THURSDAY 12 SEPTEMBER 2019**

<b>MINUTES</b>
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**MINUTES OF THE AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING  
HELD IN COUNCIL CHAMBERS, 81 COMMISSIONER STREET, COOMA NSW 2630**

**ON THURSDAY, 12 SEPTEMBER 2019  
COMMENCING AT 10AM**

**PRESENT:**

**Voting Attendees:**

Melissa Tooke, Chair  
Miles Pearson, Independent Member  
John Barbeler, Independent Member  
Adam Vine, Independent Member

**Non-Voting Attendees:**

Peter Bascomb, General Manager  
Tarang Kamath, Senior Internal Auditor  
Marg Nicholls, Acting Organisational Risk Officer

**Guests:**

David Rawlings, Acting Director Corporate and Community Services  
Gary Shakespeare, Group Manager Transport Infrastructure (Operations)  
Iliada Bolton, Executive Manager Innovation and Business Development  
Jacqueline Sullivan, Management Accountant  
John Sarapuk, Project Delivery Consultant - Essential Utilities Information Technology Corporation (EUIT)  
Lawrissa Chan, Director - Financial Audit - Audit Office of NSW  
Michael Kharzoo, Audit Leader - Financial Audit - Audit Office of NSW  
Nola Brady, Group Manager Governance

**Secretariat:**

Lisa McKenzie, IBD Administration Officer

**1. OPENING OF THE MEETING**

The Chair opened the meeting at 10:03AM with Acknowledgement of Country and showing respect to the First Custodians of Snowy Monaro Lands.

**2. APOLOGIES**

An apology for the meeting was received from Councillor Anne Maslin, Council Member

### 3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

Nil

### 4. ADOPTION OF MINUTES OF PREVIOUS MEETING

#### 4.1 AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 14 JUNE 2019

##### COMMITTEE RECOMMENDATION

ARIC34/19

THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 14 June 2019 are confirmed as a true and accurate record of proceedings.

Moved Mr Vine

Seconded Mr Pearson

CARRIED

### 5. BUSINESS ARISING

#### 5.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATIONS

Record No:

Responsible Officer:	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. Audit, Risk and Improvement Committee Recommendations 2. DRAFT LEMC Risk Assessment Workbook 3. LEMC Vulnerability Table 4. LEMC Consequence Table
Cost Centre	3136 – Internal Audit

#### 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 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

ARIC35/19

That the Audit, Risk and Improvement Committee:

- A. Note the progress report on Committee recommendations from the meetings of this Committee.
- B. Request a regular briefing paper/presentation as part of the risk management status report on actions coming out of LEMC that could impact on Council responsibilities or resourcing.

**Moved Mr Pearson**

**Seconded Mr Vine**

**CARRIED**

**Attendance of Group Manager Transport Infrastructure (Operations)**

Group Manager Transport Infrastructure (Operations) joined the meeting at 10:20am during Item 5.1 Audit, Risk and Improvement Committee Recommendations.

**6. PRESENTATIONS**

**6.1 RESULTS AND ACTIONS TAKEN ON ROAD MAINTENANCE DEEP DIVE SERVICE REVIEW**

Presentation by Group Manager Transport Infrastructure (Operations) on the results and actions taken on the road maintenance deep dive service review.

**Attendance of Senior Internal Auditor**

Senior Internal Auditor was absent from the meeting from 10:55am during Item 6.1 Results and Actions taken on Road Maintenance Deep Dive Service Review returning at 10:57am during same Item.

**Attendance of Group Manager Governance and Project Delivery Consultant - EUIT**

Group Manager Governance and Project Delivery Consultant - EUIT joined the meeting at 10:56am during Item 6.1 Results and Actions taken on Road Maintenance Deep Dive Service Review.

**Attendance of Acting Director Corporate and Community Services**

Acting Director Corporate and Community Services joined the meeting at 11am during Item 6.1 Results and Actions taken on Road Maintenance Deep Dive Service Review.

**Attendance of Group Manager Transport Infrastructure (Operations)**

Group Manager Transport Infrastructure (Operations) left the meeting at 11:24am at the conclusion of Item 6.1 Results and Actions taken on Road Maintenance Deep Dive Service Review.

**6.2 CORPORATE INFORMATION SYSTEM PROJECT UPDATE**

Presented by Project Manager (External) and Group Manager Governance on the implementation processes and update on Council's Corporate Information System Project.

**Attendance of Management Accountant**

Management Accountant joined the meeting at 11:26am during Item 6.2 Corporate Information System Project Update.

**Attendance of IBD Administration Officer**

IBD Administration Officer was absent from the meeting from 11:57am during Item 6.2 Corporate Information System Project Update returning at 12:06pm during same Item.

**Attendance of Group Manager Governance and Project Delivery Consultant - EUIT**

Group Manager Governance and Project Delivery Consultant - EUIT left the meeting at 12:06pm at the conclusion of Item 6.1 Results and Actions taken on Road Maintenance Deep Dive Service Review.

**Attendance of Independent Member (AV)**

Independent Member was absent from the meeting from 12:06pm at the conclusion of Item 6.2 Corporate Information System Project Update returning at 12:08pm at the beginning of Item 7.2 2019 Interim Management Letter - Audit Office of NSW.

**Attendance of Acting Organisational Risk Officer**

Acting Organisational Risk Officer was absent from the meeting from 12:06pm at the conclusion of Item 6.2 Corporate Information System Project Update returning at 12:14pm during Item 7.2 2019 Interim Management Letter - Audit Office of NSW.

**Attendance of Director - Financial Audit and Audit Leader - Financial Audit - Audit Office of NSW**

Director - Financial Audit and Audit Leader - Financial Audit - Audit Office of NSW joined the meeting over telephone at 12:06pm at the conclusion of Item 6.2 Corporate Information System Project Update.

**7. SPECIAL AGENDA ITEMS**

**Note: Item 7.2 Addressed before Item 7.1**

Item 7.2 was addressed before item 7.1 as a result of a scheduled call with the Audit Office of New South Wales.

**7.2 2019 INTERIM MANAGEMENT LETTER - AUDIT OFFICE OF NSW**

Record No:

Responsible Officer:	Acting 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 2019
Cost Centre	4010 Financial Services

**EXECUTIVE SUMMARY**

Council received the Management Letter on the Interim Phase of the Snowy Monaro Regional Council Audit for year ending 30 June 2019 from the Audit office of NSW on 8 August 2019.

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

**COMMITTEE RECOMMENDATION**

**ARIC36/19**

That the Audit, Risk and Improvement Committee:

- A. Receive and note the Management Letter on the Interim Phase of the Snowy Monaro Regional Council Audit for year ending 30 June 2019.
- B. Request Management review the management response for the final management letter for items

1, 2 and 10 as outlined in the interim management letter.

**Moved Mr Pearson**

**Seconded Mr Barbeler**

**CARRIED**

**Attendance of Director - Financial Audit and Audit Leader - Financial Audit - Audit Office of NSW**

Director - Financial Audit and Audit Leader - Financial Audit - Audit Office of NSW left the meeting at 12:30pm at the conclusion of Item 7.2 2019 Interim Management Letter - Audit Office of NSW.

**7.1 FINANCIAL STATEMENT PROJECT PLAN 2019**

Record No:

Responsible Officer: Acting Director Corporate and Community Services  
Author: Management Accountant  
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: 1. 2019 Financial Statement Project Plan  
Cost Centre 4010 Financial Services

**EXECUTIVE SUMMARY**

The attached Plan is presented to the Audit Risk and Improvement Committee to provide an update on progress for the preparation of the Financial Statements for the 2019 financial year.

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

**COMMITTEE RECOMMENDATION**

**ARIC37/19**

That the Audit, Risk and Improvement Committee receive and note the attached Financial Statement Project Plan 2019.

**CARRIED**

**Attendance of General Manager**

General Manager was absent from the meeting from 12:37pm during Item 7.1 Financial Statement Project Plan 2019 returning at 12:40pm during same Item.

**7.3 EXTERNAL PROVIDER RECOMMENDATIONS**

Record No:



Responsible Officer:	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. Interim Management Letter 2019 Progress Report
Cost Centre	3136 – Internal Audit

### 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.

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

#### COMMITTEE RECOMMENDATION

ARIC38/19

That the Audit, Risk and Improvement Committee note the progress reports on recommendations from the Audit Office of New South Wales in:

- A. Interim Management Letter 2019

CARRIED

### 7.4 INTERNAL AUDIT RECOMMENDATIONS

Record No:

Responsible Officer:	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. Audit 16-02 - Fraud Control Health Check (SMRC) 2. Internal Audit Recommendations Progress Report 3. Audit Recommendations Summary Report
Cost Centre	3136 – Internal Audit

## EXECUTIVE SUMMARY

Internal Audit recently moved to capturing audits, findings and recommendations in the audit register provided in the CAMMS Risk module. Progress to date on internal audit recommendations is updated by responsible officers in the CAMMS Risk module. Internal Audit uses this system to monitor, follow-up and validate progress on recommendations. Prior to each meeting, Internal Audit extracts and prepares a report for the Audit, Risk and Improvement Committee. There are nine recommendations that have been completed since the last meeting, 31 recommendations that are not due and one overdue recommendation.

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

### COMMITTEE RECOMMENDATION

ARIC39/19

That the Audit, Risk and Improvement Committee

- A. Receive and note the report on internal audit recommendations
- B. Note the recommendation progress reports
  - (a) Audit 16-02 - Fraud Control Health Check (SMRC)
  - (b) Internal Audit Recommendations Progress Report
  - (c) Audit Recommendations Summary Report
- C. Endorse the new report format from the CAMMS Risk module.

Moved Mr Vine

Seconded Mr Barbeler

CARRIED

### Attendance of Acting Director Corporate and Community Services and Management Accountant

Acting Director Corporate and Community Services and Management Accountant left the meeting at 1:06pm at the conclusion of Item 7.4 Internal Audit Recommendations.

### Adjournment of Meeting

At 1:06pm the meeting adjourned for lunch

### Resumption of Meeting

The meeting resumed at 1:15pm without presence of staff: Acting Organisational Risk Officer, IBD Administration Officer and Senior Internal Auditor

## 7.6 FRAUD AND CORRUPTION CONTROL

Record No:

Responsible Officer: 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 3136 – Internal Audit

### 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

ARIC40/19

That the Audit, Risk and Improvement Committee receive note the verbal report Fraud and Corruption Control.

CARRIED

### 7.7 GENERAL MANAGER REPORT

Record No:

Responsible Officer: 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: Nil

Cost Centre 3136 – Internal Audit

### EXECUTIVE SUMMARY

The Audit, Risk and Improvement Committee, at its meeting on 5 December 2018, requested (Resolution No. ARIC97/18) *that a verbal report by the General Manager regarding Council plans and direction be included in all meetings as a standard agenda item.*

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

#### COMMITTEE RECOMMENDATION

ARIC41/19

That the Audit, Risk and Improvement Committee receive and note the information in the verbal report provided by the General Manager.

CARRIED

### Attendance of Acting Director Corporate and Community Services

Acting Director Corporate and Community Services joined the meeting at 1:40pm during Item 7.7 General Manager Report.

**Attendance of General Manager and Acting Director Corporate and Community Services**

General Manager and Acting Director Corporate and Community Services left the meeting at 2pm at the conclusion of Item 7.7 General Manager Report.

**Adjournment of Meeting**

At 2pm the meeting adjourned to allow staff to re-join.

**Resumption of Meeting**

The meeting resumed at 2:05pm with attendance of staff: Acting Organisational Risk Officer, IBD Administration Officer and Senior Internal Auditor

**7.5 STATUS REPORT - RISK MANAGEMENT - JUNE TO AUGUST 2019**

Record No:

Responsible Officer:	Executive Manager Innovation & Business Development
Author:	Acting 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:	1. Business Continuity Management Project - Close Out Report   Extract 2. BCP SMRC Directorate Plan - Sub Plan   Water Supply
Cost Centre	3135 – Risk Management
Project	Operational Report
Further Operational Plan Actions:	

**EXECUTIVE SUMMARY**

This status report provides an update on the activities relating to Enterprise Risk for the period June to August 2019.

The position of Organisation Risk Management Coordinator is vacant and a seconded part time resource is undertaking some of the critical work while recruitment is underway.

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

**COMMITTEE RECOMMENDATION**

**ARIC42/19**

That the Audit, Risk and Improvement Committee:

- A. Receive and note the information in the risk management status report for the period June to August 2019.
- B. Request an update against the Risk Audit Maturity Report be provided to the meeting on 5 December 2019.
- C. Request enhanced information on claims and incidents (including WHS) to provide assurance that

the source of claims are not indicative of systemic failures.

- D. Recommend a progress report from CAMMS on ERMF implementation be include as a standard attachment to the risk management status report.
- E. Request a report /presentation on the insurance coverage and broker services project being undertaken through LG Procurement.
- F. Request an update on the implementation of BCP project be provided to the meeting on 5 December 2019.
- G. Request assurance from the Executive Leadership Team on how the identified BCP gaps are being addressed and completed.

**Moved Chair Tooke**

**Seconded Mr Barbeler**

**CARRIED**

### **Attendance of Executive Manager Innovation and Business Development**

Executive Manager Innovation and Business Development joined the meeting at 2:35pm during Item 7.5 Status Report - Risk Management - June to August 2019 and left the meeting at 3pm during same Item.

## **8. REPORTS**

### **8.1 INTERNAL AUDIT ACTIVITIES - JUNE TO AUGUST 2019**

Record No:

Responsible Officer:	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:	<ol style="list-style-type: none"><li>1. DRAFT Internal Audit Annual Report 2018-2019</li><li>2. Audit 18-19_04 - Corporate Card Management - Final Internal Audit Report</li><li>3. Audit 18-19_05 - PCVIC Follow-up Spot-check - Final Engagement Memorandum</li><li>4. Audit 18-19_06 - OLG Calendar of Compliance Spot-check - Final Engagement Memorandum</li><li>5. Audit 18-19_08 - GIPA Act Compliance Spot-check - Final Engagement Memorandum</li><li>6. Internal Audit Strategic Plan 2019-2022</li></ol>
Cost Centre	3136 – Internal Audit

### **EXECUTIVE SUMMARY**

This report serves to inform the Audit, Risk and Improvement Committee (the Committee) of the Internal Audit activities for the period June to August 2019.

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

**COMMITTEE RECOMMENDATION**

**ARIC43/19**

That the Audit, Risk and Improvement Committee:

- A. Receive and note the information in the report Internal Audit activities for the period June 2019 to August 2019.
- B. Approve the Internal Audit Annual Report 2018-2019 subject to the inclusion of changes discussed at the meeting.
- C. Endorse that the Chair present the Annual Report to Council
- D. Receive and note the Internal Audit Reports and defer discussions to the next meeting on 23 October 2019:
  - a. Audit 18-19\_04 - Corporate Card Management
  - b. Audit 18-19\_05 - Platypus Country Visitor Information Centre Follow-up Review
  - c. Audit 18-19\_06 - OLG Calendar of Compliance
  - d. Audit 18-19\_08 - Government Information (Public Access) Act Compliance
- E. Request that Public Interest Disclosure, and Gifts and Benefits declaration information be tabled at the committee on a regular basis as part of the Fraud Control Report.
- F. Receive and note the perceived conflict of interest between Senior Internal Auditor and Manager Corporate Governance for Audit 18-19\_08 - Government Information (Public Access) Act Compliance and ascertain that no conflict of interest exists in relation to this audit.
- G. Recommend that each audit in the Corporate Governance group be assessed on a case-by-case basis prior to commencement by the Committee to ensure audits are free from bias and conflict of interest.
- H. Recommend that the Senior Internal Auditor perform the scheduled Delegation Register Currency audit under supervision of the Acting Organisational Risk Officer to minimise potential for bias, conflict of interest and encourage objectivity.
- I. Recommend that the updates to the Internal Audit Strategic Plan 2019-2022 be discussed at the next meeting on 23 October 2019.
- J. Receive and note that the Council resolved [270/19] increase of 2.5% in remuneration to the members of the Audit, Risk and Improvement Committee.

**Moved Chair Tooke**

**Seconded Mr Pearson**

**CARRIED**

**8.2 AUDIT, RISK AND IMPROVEMENT COMMITTEE SCHEDULE OF REVIEW**

Record No:

Responsible Officer:	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. 2019 09 12 - SMRC ARIC Schedule of Review 2017 to 2021
Cost Centre	3136 – Internal Audit

**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**

**ARIC44/19**

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

**CARRIED**

**9. GENERAL BUSINESS**

Nil

**10. NEXT MEETING**

Adam Vine advised the committee that he will attend the next meeting through video conference.

Wednesday, 23 October 2019

There being no further business the Chair declared the meeting closed at 3:30pm



CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 12 September 2019 were confirmed by Committee at a duly convened meeting on 5 December 2019 at which meeting the signature hereon was subscribed.