



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit, Risk and Improvement Committee Meeting

19 June 2020

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

ON FRIDAY 19 JUNE 2020

MINUTES

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**MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COMMITTEE ROOM, 81 COMMISSIONER STREET, COOMA NSW 2630**

**ON FRIDAY, 19 JUNE 2020
COMMENCING AT 10AM**

PRESENT:

Voting Attendees:

Melissa Tooke, Chair
Adam Vine, External Member
Councillor Anne Maslin, Council Member
John Barbeler, External Member
Miles Pearson, External Member

Non-Voting Attendees:

Peter Bascomb, Chief Executive Officer
Tarang Kamath, Senior Internal Auditor

Guests:

David Rawlings, Chief Strategy Officer
Mandy Thurling, Manager Resource and Waste Services
Mark Doran, Resource and Waste Management Project Manager
Matt Payne, Manager Finance

1. OPENING OF THE MEETING

The Chair opened the meeting at 10AM 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 Lawrissa Chan - Director, Financial Audit, Audit Officer of New South Wales.

3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

Nil

4. ADOPTION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 4 MARCH 2020

COMMITTEE RECOMMENDATION

ARIC16/20

THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 04 March 2020 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: Chief Executive Officer
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, Risk and Improvement Committee Recommendations

EXECUTIVE SUMMARY

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

COMMITTEE RECOMMENDATION

ARIC17/20

That Council's Audit, Risk and Improvement Committee note the progress report on Committee recommendations from the meeting of this Committee.

CARRIED

~~6. PRESENTATIONS~~

Item - 7.1. Presentation - Resource and Waste Management Strategy - has been moved after item - 8.7. Financial Statements Preparation Plan 2020 - Status Update as at 12 June 2020.

Item - 7.2. Presentation - Corporate Information System (CIS) Project Update - has been moved after Item - 7.1. Presentation - Resource and Waste Management Strategy.

8. REPORTS

Item - 8.1. Chief Executive Officer Report (Including Risk Management Update) - has been moved after item 8.5. Internal Audit Function - Charter and Strategic Plan 2020-2024.

8.2 INTERNAL AUDIT ACTIVITIES - MARCH TO MAY 2020

Record No:

Responsible Officer: Chief Executive Officer
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 18-19_07 - Building Security - Draft Internal Audit Report
2. 2020 05 12 - IA20-3C - Delegations Transition through Organisation Redesign Project - GO Memo 1
3. 2020 05 27 - IA20-3C - Delegations Transition through Organisation

- Redesign Project - CEO Memo 2
- 4. StateCover WHS Verification Report 2019 for SMRC
- 5. StateCover 2019 WHS Self-Audit Questions (*Under Separate Cover*)
- 6. IA20-3C - Delegations Transition through Organisation Redesign Project - Conflict of Interest Disclosure Form (*Under Separate Cover*)
- 7. IA20-5A - Risk Management - Form - Conflict of Interest Disclosure Form (*Under Separate Cover*)

Cost Centre 3136 – Internal Audit
ARIC Charter Reference: 5.6.1; 5.6.5; 5.6.6; 5.6.7; and 5.6.9

EXECUTIVE SUMMARY

This report serves to inform the Audit, Risk and Improvement Committee (ARIC) of the Internal Audit activities for the period March to May 2020.

COMMITTEE RECOMMENDATION

ARIC18/20

That Council’s Audit, Risk and Improvement Committee

- A. Receive and note the information in the report Internal Audit Activities - March to May 2020;
- B. Receive and note the attached:
 - (a) Audit 18-19_07 - Building Security - DRAFT Internal Audit Report
 - (b) 2020 05 12 - IA20-3C - Delegations Transition through Organisation Redesign Project - GO Memo 1
 - (c) 2020 05 27 - IA20-3C - Delegations Transition through Organisation Redesign Project - CEO Memo 2
- C. Expresses concern in noting the findings of the Building Security Report and the level of risk it could present to the organisation. The Committee seeks an Executive Management response to the findings at its meeting in September 2020, acknowledging and representing the broader economic context.
- D. Note the findings of the StateCover report and request a statement in future WHS reporting to the ARIC on how the recommendations are being monitored
- E. Recommend that Senior Internal Auditor is included on Council’s Senior Management Team as an observer.
- F. Receive and note the information in the attached conflict of interest declaration forms for:
 - (a) IA20-3C - Delegations Transition through Organisation Redesign Project; and
 - (b) IA20-5A - Risk Management
- G. Recommend sign-off on both forms subject to inclusion of the following in Part B of each form:
 - (a) IA20-3C - Delegations Transition through Organisation Redesign Project - Committee agreed that there was no conflict of interest to manage.
 - (b) IA20-5A - Risk Management - Recommend inviting another Chief Officer without line management association to participate and observe in the interviews with Coordinator Governance.

Moved Mr Vine

Seconded Mr Pearson

CARRIED

Attendance of Chief Executive Officer

Chief Executive officer left the meeting at 10:15am during discussion of item 8.2. Internal Audit Activities - March to May 2020

8.3 INTERNAL AUDIT RECOMMENDATIONS PROGRESS

Record No:

Responsible Officer: Chief Executive Officer
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. Internal Audit Recommendation Progress Report
2. Audit 16-04 Governance Health Check - Request for extension of Target Date
3. IA19-SAA8 - Self-Assessment Against The Standards - Request for extension of Target Date
ARIC Charter Reference: 5.6.8; 5.6.10;

EXECUTIVE SUMMARY

Internal Audit captures audits, findings and recommendations in the audit register available 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 (ARIC).

There are 9 recommendations that have been completed since the last meeting, 29 recommendations that are not due and five overdue recommendations.

COMMITTEE RECOMMENDATION

ARIC19/20

That Council's Audit Risk and Improvement Committee:

- A. Receive and note the information in the *Internal Audit Recommendations Progress* report;
- B. Endorse the new report format from the CAMMS Risk module;
- C. Authorise Internal Audit Sign-off on Recommendations IA19-SAA1 and IA19-SAA4 of the Annual Self-Assessment against the Standards 2018-2019; and
- D. Approve extensions to the following recommendations:
 - (a) Audit 16-04 Governance Health Check
 - (i) Recommendation 16-04/04 - From 31 May 2020 to 31 December 2020
 - (b) Annual Self-Assessment against the Standards 2018-2019
 - (i) Recommendation IA19-SAA8 - From 30 June 2020 to 31 December 2020

Moved Mr Vine

Seconded Mr Pearson

CARRIED

8.4 STRATEGIC SCHEDULE OF REVIEW 2020-2023

Record No:

Responsible Officer: Chief Executive Officer
 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. Strategic Schedule of Review 2020-2023
 ARIC Charter Reference: 7.1.3

EXECUTIVE SUMMARY

Attached is the *Strategic Scheduled of Review 2020-2023* for Council’s Audit, Risk and Improvement Committee (ARIC) to enable effective monitoring of achievement ARIC’s roles and responsibilities as per its Charter.

COMMITTEE RECOMMENDATION

ARIC20/20

That Council’s Audit, Risk and Improvement Committee:

- A. Receive and note the information in the attached *Strategic Schedule of Review 2020-2023*.
- B. Recommend that the ARIC convene out of session to discuss and determine expectations on what will be delivered and when, to ensure we achieve our responsibilities under the Charter, with the draft document to be referred back to the CEO for comment and finalisation before the September meeting.

Moved Chair Tooke

Seconded Mr Vine

CARRIED

Attendance of Senior Internal Auditor

Senior Internal Auditor was absent from the meeting from 11:52am during discussion of 8.4 Strategic Schedule of Review 2020-2023 returning at 11:55am during same Item.

Adjournment of Meeting

At 12:06pm the meeting adjourned for lunch.

Resumption of Meeting

The meeting resumed at 12:23pm with the absence of Chief Strategy Officer and the presence of Manager Finance.

8.6 EXTERNAL PROVIDER RECOMMENDATIONS PROGRESS

Record No:

Responsible Officer: Chief Executive Officer

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. External Provider Recommendations Progress
ARIC Charter Reference: 5.7.3

EXECUTIVE SUMMARY

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

COMMITTEE RECOMMENDATION

ARIC21/20

That Council's Audit, Risk and Improvement Committee:

- A. Receive and note the information in the attached progress report on external provider recommendations.
- B. Request that Manager Finance circulate the paper he prepares for the Executive Leadership Team following next week's meeting with the External Auditors, with particular focus on the landfill remediation provisions, impact of new financial standards on Council's financial position and impact of COVID-19.

Moved Mr Barbeler

Seconded Mr Vine

CARRIED

Attendance of Chief Strategy Officer

Chief Strategy Officer joined meeting at 12:30pm during discussion of item 8.6. External Provider Recommendations Progress.

Attendance of Manager Resource and Waste Services and Resource and Waste Management Project Manager

Manager Resource and Waste Services and Resource and Waste Management Project Manager joined the meeting at 12:46pm during discussion of item 8.6. External Provider Recommendations Progress.

8.7 FINANCIAL STATEMENTS PREPARATION PLAN 2020 - STATUS UPDATE AS AT 12 JUNE 2020

Record No:

Responsible Officer: Chief Strategy Officer
Author: Manager Finance
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. Financial Statements Preparation Plan 2020 as at 12-6-2020
2. OLG statutory requirements in response to COVID-19

Cost Centre 4010 Financial Services

EXECUTIVE SUMMARY

The attached plan sets out the tasks required for Council to meet its year end financial reporting obligations and ensure that participants are aware of their responsibilities and target timeframes. The plan has been updated to reflect the status as at 12 June 2020.

With the interim audit in progress between 15 June 2020 and 26 June 2020, there is not a significant amount to report.

COMMITTEE RECOMMENDATION

ARIC22/20

That the Audit, Risk and Improvement Committee receive and note the attached Financial Statement Preparation Plan 2020 Status update as at 12 June 2020.

CARRIED

Attendance of Manager Finance

Manager Finance left the meeting at 1:00pm at the conclusion of item 8.7. Financial Statements Preparation Plan 2020 - Status Update as at 12 June 2020.

7. SPECIAL AGENDA ITEMS

7.1 PRESENTATION - RESOURCE AND WASTE MANAGEMENT STRATEGY

Record No:

Responsible Officer: Chief Executive Officer

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

ARIC Charter Reference: 5.2.6

EXECUTIVE SUMMARY

This report is a placeholder in Special Agenda Items section for the presentation to provide an opportunity for Council's Audit, Risk and Improvement Committee (ARIC) to make recommendations on the presentation.

COMMITTEE RECOMMENDATION

ARIC23/20

That Council's Audit, Risk and Improvement Committee:

- A. Receive and note the information in the presentation on Resource and Waste Management Strategy and share presentation.
- B. Request a copy of the presentation be circulated to ARIC members.

Moved Councillor Maslin

Seconded Mr Barbeler

CARRIED

Attendance of Chief Executive Officer

Chief Executive officer joined the meeting at 1:08pm during discussion of item 7.1 Presentation - Resource and Waste Management Strategy.

Attendance of Manager Resource and Waste Services and Resource and Waste Management Project Manager

Manager Resource and Waste Services and Resource and Waste Management Project Manager left the meeting at 1:22pm at the conclusion of item 7.1 Presentation - Resource and Waste Management Strategy.

7.2 PRESENTATION - CORPORATE INFORMATION SYSTEM (CIS) PROJECT UPDATE

Record No:

Responsible Officer: Chief Strategy Officer
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. One Page CIS Project Delivery Status as of 12 June 2020
2. CIS Project Update by Senior Internal Auditor
ARIC Charter Reference: 5.2.6

EXECUTIVE SUMMARY

This report is a placeholder in Special Agenda Items section for the presentation to provide an opportunity for Council's Audit, Risk and Improvement Committee (ARIC) to make recommendations on the presentation.

COMMITTEE RECOMMENDATION

ARIC24/20

That Council's Audit, Risk and Improvement Committee receive and note the information in the presentation and the Senior Internal Auditor's update on Corporate Information System Project.

CARRIED

8. REPORTS

8.8 UPDATE ON COUNCIL'S SYSTEM TO REVIEW AND MAINTAIN THE POLICY REGISTER

Record No:

Responsible Officer: Chief Strategy Officer
Author: Manager Corporate Governance
Key Theme: 4. Leadership Outcomes
CSP Community Strategy: 10.1 Planning and decision making is holistic and integrated and has due regard to the long term and cumulative effects
Delivery Program Objectives: 10.1.4 Harmonisation of policies, procedures and processes deliver customer focused business practices
Attachments: 1. Project Plan

EXECUTIVE SUMMARY

The Audit Risk and Improvement Committee had requested a paper on Council's system to review and maintain the policy register.

COMMITTEE RECOMMENDATION

ARIC25/20

That Committee receive and note the review process of maintaining the policy register up to date.

CARRIED

8.9 MEETING DATES FOR FINANCIAL YEAR 2020-2021

Record No:

Responsible Officer: Chief Strategy Officer
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
ARIC Charter Reference: 7.1.3

EXECUTIVE SUMMARY

To confirm the meeting dates for Council's Audit, Risk and Improvement Committee (ARIC) for the Financial Year 2020-2021 as discussed out of session.

COMMITTEE RECOMMENDATION

ARIC26/20

That Council's Audit Risk and Improvement Committee confirm the following meeting dates for financial year 2020-2021

- A. Friday, 2 October 2020 commencing at 10am
- B. Wednesday, 2 December 2020 commencing at 10am
- C. Friday, 19 March 2021 commencing at 10am
- D. Friday, 18 June 2021 commencing at 10am

Moved Mr Vine	Seconded Councillor Maslin	CARRIED
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8.5 INTERNAL AUDIT FUNCTION - CHARTER AND STRATEGIC PLAN 2020-2024

Record No:

Responsible Officer:	Chief Executive Officer
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. DRAFT Internal Audit Function Charter 2. DRAFT Internal Audit Strategic Plan 2020-2024
ARIC Charter Reference:	5.6.4; 5.6.11

EXECUTIVE SUMMARY

This report seeks to obtain feedback and endorsement from Council’s Audit, Risk and Improvement Committee (ARIC) on the revised *Internal Audit Function (IAF) Charter* prior to providing the Charter for approval to Council at its next meeting on 16 July 2020. The IAF Charter is due for a review, which had been deferred in anticipation of guidance from the OLG on a proposed risk management and internal audit framework.

This report also seeks approval of the *Internal Audit Strategic Plan (IASP) 2020-2024* as per ARIC Charter Clause 5.6.4 ‘Review the internal audit coverage and annual work plan, ensure the plan is based on Council’s risk management plan, and recommend approval of the plan.’

Both documents have been endorsed by Council’s Executive Leadership Team at its meeting on 3 June 2020.

COMMITTEE RECOMMENDATION	ARIC27/20
That Council’s Audit, Risk and Improvement Committee:	
A. Receive and note the DRAFT <i>Internal Audit Function Charter</i> and DRAFT <i>Internal Audit Strategic Plan 2020-2024</i> ;	
B. Endorse the updated Charter and recommend that it be put to Council for approval following changes recommended by the Committee; and	
C. Note the DRAFT <i>Internal Audit Strategic Plan 2020-2024</i> and recommend the Senior Internal Auditor review the Internal Audit Strategic Plan 2020-2024 based on the committee’s recommendations with a list of potential priorities be sent out to the committee for finalisation at the September meeting.	
Moved Mr Vine	Seconded Mr Pearson
	CARRIED

8.1 CHIEF EXECUTIVE OFFICER REPORT (INCLUDING RISK MANAGEMENT UPDATE)

Record No:

Responsible Officer:	Chief Executive Officer
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
ARIC Charter Reference:	5.2.8; 5.3.6; 5.6.1; 5.7.1; 5.8.4

EXECUTIVE SUMMARY

Council's Audit, Risk and Improvement Committee (ARIC), 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.*

This report also incorporates the former Fraud and Corruption Control Report. It advises the Committee of any allegations of fraudulent or corrupt conduct reported to the Chief Executive Officer or to an external body such as ICAC.

For this meeting only, this report will also include the Risk Management Update Report that will be provided by the Chief Strategy Officer.

The following topics were discussed by the Chief Executive Officer:

- Failed attempt of cyber-fraud by an external party
- COVID-19 impact
- Organisation redesign project update
- CIS project update
- Snowy 2.0
- Soft woods industry update
- Bushfire recovery update and impact on council assets

The following topics were discussed by the Chief Strategy Officer:

- Royal Commission on bushfires
- Capital projects funding and portfolio changes
- Business continuity management update
- Insurance report
- COVID-19 impact
- Update on Risk Officer position
- Update on water reservoir incident

COMMITTEE RECOMMENDATION

ARIC28/20

That Council's Audit, Risk and Improvement Committee:

- A. Receive and note the information in the verbal report provided by the Chief Executive Officer; and
- B. Receive and note the information in the verbal Risk Management Update report provided by the Chief Strategy Officer.

CARRIED

9. GENERAL BUSINESS

Nil

10. NEXT MEETING

There being no further business the Chair declared the meeting closed at 3:20pm.

CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 19 June 2020 were confirmed by Committee at a duly convened meeting on 2 October 2020 at which meeting the signature hereon was subscribed.