



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit Risk And Improvement Committee Meeting

2 December 2020

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COMMITTEE ROOM, 81 COMMISSIONER STREET, COOMA NSW 2630
ON WEDNESDAY 2 DECEMBER 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 WEDNESDAY, 2 DECEMBER 2020
COMMENCING AT 10.06AM**

PRESENT:

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

Apologies: Councillor Anne Maslin, Council Member

Non-Voting Attendees: Peter Bascomb, Chief Executive Officer

Guests: David Rawlings, Chief Strategy Officer
Anton Yap, Organisational Risk Management Officer
Matt Payne, Manager Finance
Lawrissa Chan, Director - Financial Audit - Audit Office of NSW
Eric Nathaniel, Audit Leader - Financial Audit - Audit Office of NSW
Sandra McEwan, Executive Assistant (Strategy) (Secretariat)

1. OPENING OF THE MEETING

The Chair opened the meeting at 10.06AM with an Acknowledgement to Country.

I would like to welcome you to today's meeting and in doing so acknowledge the traditional custodians of the land on which we are joining from today. From Canberra I am joining from Ngunnawal country and for those of you joining from the Snowy Monaro we acknowledge the Ngarigo, Walgalu, Ngunnawal and Bidhawal people. I wish to acknowledge and pay respect to Elders past, present and emerging, their continuing culture, and the contribution they make to the life of this region.

2. APOLOGIES

An apology for the meeting was received from Councillor Anne Maslin.

3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

Nil.

4. ADOPTION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 2 OCTOBER 2020

COMMITTEE RECOMMENDATION

ARIC40/20

THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 2 October 2020 are confirmed as a true and accurate record of proceedings, pending the following amendment:

Page 7 Item 8.1 Chief Executive Officer Report

Replace Tarang Kamath with Senior Internal Auditor

Moved Mr Vine

Seconded Mr Pearson

CARRIED

8.1 RISK MANAGEMENT UPDATE

Record No:

Responsible Officer: Chief Strategy Officer

Author: Organisational Risk Management 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. Enterprise Risk Management Re-Launch Plan
 2. Risk Management Officer CV

EXECUTIVE SUMMARY

Recruitment of the Organisational Risk Management Officer has been completed. Formal induction was held in the Cooma Office on 7 October 2020.

A project schedule for the re-implementation of Council's Enterprise Risk Management System (ERM) and Business Continuity Management (BCM) system has been developed. This includes conducting a top to bottom review of the entire ERM and BCM framework which aims to bridge gaps on requirements, drive Council-wide adoption and improve overall risk management practices and culture.

Project risk assessment is now a requirement of pre-gate zero in the new project management framework. This ensures that project proposals consider all project related risks prior to being given the green-light which should increase project success rates.

The Quarterly Local Emergency Management Committee meeting was held on 25 November 2020 with the Organisational Risk Management Officer formally taking on the Local Emergency Management Officer role at the end of this meeting.

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

COMMITTEE RECOMMENDATION

ARIC41/20

That Council's Audit, Risk and Improvement Committee:

- A. Receive and note the information in the Risk Management Officer's report.
- B. Receive a presentation on Council's new Project Management Framework and proposed integration with ERM at the March 2021 meeting.
- C. Recommends the Risk Management Officer provide examples of risk framework implementation as part of risk reports to the Committee.
- D. Emphasises the importance of ongoing regular reporting on WHS and broader risk issues.

Moved Mr Barbeler

Seconded Mr Vine

CARRIED

8.4 INTERNAL AUDIT RECOMMENDATIONS PROGRESS

Record No:

Responsible Officer: Chief Executive Officer
Author: Chief Strategy 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: Nil
ARIC Charter Reference: 5.6.8; 5.6.10;

EXECUTIVE SUMMARY

The report summarises the status of the recommendations from the internal audits. Council's system appears to either have corrupt data or be not creating reports accurately for some reason. While the status of actions have been placed into the system it is not possible to extract those from the system at this point in time. If the issue can be rectified a updated action listing will be provided.

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

COMMITTEE RECOMMENDATION

ARIC42/20

That the Audit Risk and Improvement Committee:

- A. Note the concern that the information in the Internal Audit Recommendations Progress report was inadequate and fails to provide assurance of independent audit recommendations.
- B. Request the Chief Strategy Officer provide a report to the March 2021 meeting on the strategy for ongoing monitoring, review and implementation of internal and external audit recommendations, including how this will fit with a broader Council strategy for action implementation.

Moved Mr Pearson

Seconded Mr Barbeler

CARRIED

8.5 MANAGEMENT OF ACTIONS FROM INTERNAL AUDITS

Record No:

Responsible Officer:	Chief Executive Officer
Author:	Chief Strategy 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:	Nil

EXECUTIVE SUMMARY

It has been identified that the fragmentation of Council's systems for capturing and allocating actions means that clear management of the work required to be done is not easy and currently operates on an ad-hoc basis.

Currently trialling systems that will bring everything together and building a specifications brief.

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

COMMITTEE RECOMMENDATION	ARIC43/20
That the Audit Risk and Improvement Committee receive and note the information in the report.	
Moved Mr Barbeler	Seconded Mr Pearson
	CARRIED

At 11.00am David Rawlings, Anton Yap and Sandra McEwan left the meeting.

Attendance of the Chief Executive Officer

The Chief Executive Officer joined the meeting via Microsoft Teams from 11.00am to 11.30am.

8.2 CHIEF EXECUTIVE OFFICER REPORT

Record No:

Responsible Officer:	Chief Executive Officer
Author:	Chief Strategy 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:	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.*

As the Chief Executive Officer may not be available for the meeting an update on some ongoing issues of interest has been provided. 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.

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

COMMITTEE RECOMMENDATION

ARIC44/20

That Council's Audit, Risk and Improvement Committee:

- A. Receive and note the information provided by the Chief Executive Officer, noting no fraudulent or corrupt conduct activities have been reported in the past period.
- B. Request the Chief Executive Officer provide an update on Council's proposal to replace the Senior Internal Auditor following the CRJO meeting on 10 December 2020.
- C. Recommend that Council's Chief Officers be invited to participate in future ARIC meetings.
- D. Request a report on the results of the Staff Survey be presented at the March 2021 meeting.

Moved Mr Vine

Seconded Mr Barbeler

CARRIED

At 11.55am David Rawlings, Anton Yap and Sandra McEwan returned to the meeting.

5. BUSINESS ARISING

5.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATIONS

Record No:

Responsible Officer: Chief Executive Officer
Author: Chief Strategy 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. Committee Recommendations Updates

EXECUTIVE SUMMARY

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

Closed:

67/18 – Financial Statement Preparation Plan

Note: Asked for an Assets Register to be reported at quarterly meetings.

57/18 – Fraud Prevention Procedure

26/19 – Quarterly Budget Review Statement (QBRs) to March 2019

31/19 – Internal Audit Recommendations

32/19 – Internal Audit Activities – March to May 2019

36/19 – 2019 Interim Management Letter – Audit Office of NSW

Note: Review did not occur.

50/19 – Internal Audit Activities – June to August 2019

49/19 – General Manager Report

Note: Incorrectly marked as 59/19 in December 2019. Marked correctly as 49/19 in March 2020.

62/19 – Internal Audit Activities – September to November 2019

63/19 – Internal Audit Quality Assurance and Improvement Program (QAIP)

66/19 – Audit, Risk and Improvement Committee Charter Review

6/20 – Internal Audit Recommendations

13/20 – Audit, Risk and Improvement Committee Charter Review

19/20 – Internal Audit Recommendations Progress

23/20 – Presentation – Resource and Waste Management Strategy

26/20 – Meeting dates for Financial Year 2020-2021

31/20 – Presentation – Corporate Information System (CIS) Project Update

32/20 – Chief Executive Report

33/20 – 2020 Financial Statements

Note: Part B was not received for ARIC to review and endorse – now lapsed.

B That the Financial Statements be referred back to the Committee following the finalisation of the audit process for endorsement at a date to be determined based on the Council and Committee meeting cycle.

37/20 – Internal Audit – Quality Assurance and Improvement Program (QAIP) 2019-2020

38/20 – Risk Management Update

Open:

35/19 – Audit, Risk and Improvement Committee Recommendations

Note: 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.

42/19 – Status Report – Risk Management – June to August 2019

Note: G. Request assurance from the Executive Leadership Team on how the identified BCP gaps are being addressed and completed. (Anton Yap - for information).

46/19 – 2019 Financial Statements

Note: Parts G and H to be carried over:

G. Request that the CFO address a future meeting of ARIC to explain how Council is managing outstanding rate debt.

H. Request that a wrap-up report be provided to the ARIC outlining the key outcomes from the preparation of the 2018-2019 financial statements and what can be done to improve performance in future years.

47/19 – 2019 Delivery Program and Operational Plan Report

Note:

Part B Recommend that the General Manager review the protocols and procedures on the assessment of progress against items included in Council's Operational Plan - only a percent complete in the Annual

Report.

Part D to be carried over D. Request that a copy of the 6 monthly review of the current plan be provided to the ARIC at their March 2021 meeting.

65/19 – Status Report – Risk Management – September to November 2019

Note Part B carried over:

B Recommend that when the Internal Audit into WHS is undertaken, the scope should include how corrective actions are implemented and monitored.

15/20 – Internal Audit Activities – December 2019 to February 2020 –

18/20 – Part D – open

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.

21/20 – External Provider Recommendations Progress

Note: Part B not received, to be circulated out of session.

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.

30/20 – Audit, Risk and Improvement Committee Recommendations

Note:

B 46/19 – rolled over (see above).

C 18/20 – the Committee receive a quarterly update of the WHS status as part of the general reports.

D 18/20e – the ELT revisit the decision for the Senior Internal Auditor to attend SMT meetings on a quarterly basis.

34/20 – External Provider Recommendations Progress

Note: Part B – management responsibility to provide a progress report. Not previously followed up which needs addressing.

B That an update be provided to the Committee at the next meeting.

35/20 – Internal Audit Recommendations Progress

Note: Remains open until confirmed that updates have been transferred in the system.

36/20 – Internal Audit Activities – June to August 2020

Note: Parts A, C, D & E – closed. Part B – open.

B Recommend inclusion of the Chair’s introduction in the attached Draft ARIC and IAF Annual Report 2019-2020.

E That the new Risk Officer is invited to meet with the Committee so that they can share their observations before the next meeting. (The Chair to provide a draft of the discussion).

39/20 – Strategic Schedule of Review 2020-2023

Note: Parts A & B - closed. Parts C & D – open.

C The Chair to meet with the Chief Executive Officer to discuss the work that the Committee has done out of session to review these documents. (Meeting organised for 7/12/20).

D The proposed amendment be presented at the next meeting.

COMMITTEE RECOMMENDATION

ARIC45/20

That the Audit, Risk and Improvement Committee note the progress on Committee recommendations, both Closed and Open as indicated above.

Moved Mr Vine

Seconded Mr Pearson

CARRIED

6. PRESENTATIONS

Nil.

7. SPECIAL AGENDA ITEMS

Nil.

8. REPORTS

Item - 8.1. Risk Management Update - has been moved to another part of the document.

Item - 8.2. Chief Executive Officer Report - has been moved to another part of the document.

Item - 8.4. Internal Audit Recommendations Progress - has been moved to another part of the document.

Item - 8.5. Management of actions from internal audits - has been moved to another part of the document.

Adjournment of Meeting

At 12:23pm the meeting adjourned for lunch.

Resumption of Meeting

The meeting resumed at 12:45pm with the presence of Manager Finance, Matt Payne.

Attendance of Auditors from the NSW Audit Office

Lawrissa Chan and Eric Nathaniel joined the meeting via Zoom at 1.00pm.

Lawrissa Chan spoke to the Engagement Closing Report and Letter of Conduct. Eric Nathaniel spoke to the Management Letter on the Final Phase of the Audit.

8.3 ANNUAL REPORT AND FINANCIAL STATEMENTS

Record No:

Responsible Officer:	Chief Strategy 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:	<ol style="list-style-type: none">1. Snowy Monaro Draft Annual Report 2019-2020 (<i>Under Separate Cover</i>)2. Annual Financial Statements 2019-2020 (<i>Under Separate Cover</i>)3. Audit Office Engagement Letter 2019-20204. Audit Officer Draft Management Letter

EXECUTIVE SUMMARY

Attached is draft of the Annual Report and the audited financial statements. The Annual Report is not

fully complete. Is still being proofed and the current year Mayor's message is yet to be inserted.

Council's external auditors have been organised to call in at 1:00pm to discuss their audit with the committee. In addition to the financial statement the Audit Engagement Letter and the draft of the Audit Management Letter has been provided. The draft Audit Management Letter has been provided as this provides a current version of issues needing resolution from external audit. The final letter with responses from management will be circulated out of session and will then for the basis of the ongoing reporting against external audit items.

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

COMMITTEE RECOMMENDATION

ARIC46/20

- A. That Council's Audit, Risk and Improvement Committee provide input and feedback on the annual report and financial statements.
- B. That the Finance Manager, Mr Matt Payne email Committee members the details on the process used to ensure that the Annual Report accurately reflects the Financial Statements so the Committee has greater assurance on this discharge of its responsibilities under the Charter.
- C. That the Committee be provided with the Project Plan for the completion of the 2020/21 audited Financial Statements with consideration to Committee endorsement and alignment to the ARIC meeting schedule.
- D. That the Committee be provided with an update on landfill remediation provision at the March 2021 meeting.
- E. That the Committee be provided with the Management Letter responses when they are provided to the Audit Office.
- F. That the 2020/21 Annual Report improve transparency by including what has been achieved, including end period commentary for each key initiative.

Moved Mr Vine

Seconded Mr Pearson

CARRIED

Lawrissa Chan and Eric Nathaniel left the meeting at 1.40pm.

9. GENERAL BUSINESS

Adam Vine announced that this was his last meeting on the Committee. He said he was interested in extending his appointment.

The Chair formally thanked Adam Vine for his contribution on the Committee. Endorsed by John Barbeler.

Mr Rawlings confirmed that the Expression of Interest process will commence in the near future.

10. NEXT MEETING

Friday, 19 March 2021.

The Chair thanked everyone for their contributions during the year and wished everyone a Merry Christmas.

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 2 December 2020 were confirmed by Committee at a duly convened meeting on 19 March 2021 at which meeting the signature hereon was subscribed.