



SNOWY MONARO
REGIONAL COUNCIL

Minutes

**Extraordinary Audit Risk And Improvement Committee
Meeting**

11 November 2021

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

ON THURSDAY 11 NOVEMBER 2021

MINUTES

Notes:

1.	OPENING OF THE MEETING	2
2.	APOLOGIES	2
3.	DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST	2
4.	ADOPTION OF MINUTES OF PREVIOUS MEETING	2
	4.1 Audit Risk And Improvement Committee Meeting 27 September 2021	2
5.	BUSINESS ARISING.....	3
6.	PRESENTATIONS	3
	6.1 Update on the Engagement Closing Report - Audit Office NSW	3
7.	SPECIAL AGENDA ITEMS	3
	7.1 Update on Financials 2021	3
8.	REPORTS.....	4
9.	GENERAL BUSINESS	5
	9.1 Items for the Next Meeting	5
	9.2 Clr Anne Maslin - Final ARIC Meeting.....	5
10.	NEXT MEETING	5

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

**ON THURSDAY, 11 NOVEMBER 2021
COMMENCING AT 4.28PM**

PRESENT:

Voting Attendees: Miles Pearson, Independent Member (*A/g Chair*)
John Barbeler, Independent Member
Councillor Anne Maslin, Council Member

Non-Voting Attendees: Peter Bascomb, Chief Executive Officer

Guests: David Rawlings, Chief Strategy Officer
John Bingham, Chief Financial Officer
Sharon Gourlay, A/g Manager Finance
Lawrissa Chan, Director - Financial Audit - Audit Office of NSW
Furqan Yousuf, Audit Leader - Financial Audit - Audit Office of NSW
Sandra McEwan, Executive Assistant (Strategy) (Secretariat)

Observer: Andrew Cox (soon to be appointed Independent ARIC Member)

Apologies: Melissa Tooke, Independent Member and Chair

1. OPENING OF THE MEETING

Miles Pearson accepted the nomination of A/g Chair and opened the meeting at 4.28pm with Acknowledgement of Country and showing respect to the First Custodians of Snowy Monaro Lands.

Miles Pearson introduced and welcomed Andrew Cox as an Observer to the meeting. Andrew Cox will officially be the new Independent Member on ARIC after approval from Council.

2. APOLOGIES

An apology for the meeting was received from Melissa Tooke, Independent 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 27 SEPTEMBER 2021

The Minutes of the Audit Risk and Improvement Committee Meeting held on 27 September 2021 were discussed under Item 9.1.

5. BUSINESS ARISING

Nil.

Attendance of Director – Financial Audit and Manager Audit, Audit Office NSW

Lawrissa Chan, Director – Financial Audit and Furqan Yousuf, Audit Leader – Financial Audit, Audit Office NSW gave a presentation – Update on the Engagement Closing Report.

6. PRESENTATIONS

6.1 UPDATE ON THE ENGAGEMENT CLOSING REPORT - AUDIT OFFICE NSW

Lawrissa Chan and Furqan Yousuf advised that the Audit is in progress and therefore could not issue the Engagement Closing report which gives clearance on the Financial Statements. The main issues include:

- Discrepancies in Crown Land register.
- Revenue issues – recognition of grants.
- Rural Fire Service assets not recognised in the Financial Statements.
- Deteriorating financial position – expenditure of internal restriction funds.
- Landfill remediation of 15 landfill sites – \$11 million increase in provisions.
- Revaluation of land and community structures - reclassify to asset classes.
- Capital expenditure – ready for use but not capitalised.
- IT – cyber security controls, periodic user access reviews, improvements to password parameters.
- Requirement that Council demonstrate it is a ‘going concern’.

The above items will be in the Engagement Closing report.

Furqan Yousuf left the meeting at 4.55pm

7. SPECIAL AGENDA ITEMS

7.1 UPDATE ON FINANCIALS 2021

Record No: I21/338

Responsible Officer: Chief Executive Officer

Author: Chief Financial 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. General Purpose Financial Statements for the year ended 30 June 2021 2. Special Purpose Financial Statements for the year ended 30 June 2021
Cost Centre	Financial Services
Project	Annual Financial Statements 2021

EXECUTIVE SUMMARY

At the 16 September 2021 Ordinary Council Meeting, Council authorised management to refer the 2021 financial statements to the external auditors. The commencement date for the audit was set at 27 September 2021, with a final draft lodgement date of 31 October 2021.

Since then management and the auditors have spent a considerable number of hours working together to produce a final draft on time. Despite this effort both parties have been unable to complete the task and meet the lodgement date of 31 October 2021. Therefore, as agreed by both parties in mid-October, it was felt necessary to request an extension of one month and submit the statements by 30 November 2021.

There have been numerous changes to the statements presented to Council at the 16 September 2021 meeting. Given these changes were deemed to be material in nature by the auditors, it is a requirement the statements go back to Council acknowledging this for the purpose of referring again to audit.

Following on from this it is intended the signed off General Purpose Financial Statements and Special Purpose Financial Statements (including independent external auditors report and report on the conduct of the audit) be presented to Council at the December 2021 meeting.

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

COMMITTEE RECOMMENDATION

ARIC35/21

THAT the Audit, Risk and Improvement Committee endorse the Financial Statements subject to confirmation from the CFO to ARIC by email that specific amendments raised by the Audit Office at the meeting have been included in the Financial Statements and confirmation of the timelines to complete the lodgement of the Financial Statements by 30 November 2021. The email to ARIC is to provide details of such amendments made to the Financial Statements.

Moved Mr Barbeler

Seconded Mr Pearson

CARRIED

8. REPORTS

Nil.

9. GENERAL BUSINESS

9.1 ITEMS FOR THE NEXT MEETING

The Committee continues to express serious concern at Council's current financial position and the need for a financial improvement plan. This is supported by the Audit Office high risk rating of the deteriorating financial position and requirement to demonstrate Council remains a 'going concern'. It was noted by management that in the context of the December elections, a new financial plan will need to be put to the new Council for approval, therefore creating one now was inappropriate. This view was noted by the Committee, however close scrutiny would be applied at the December ARIC meeting on Council's 'going concern' financial situation. The Committee requested that the following items be discussed at the next meeting:

- Final set of the audited Financial Statements – update from the Chief Financial Officer.
- Concern about the financial situation of council and status - consideration of cash flow projections as required by the Audit Office and what actions need to be taken going forward.
- Issue items raised by the Audit Office.
- Understanding of the financial drivers across the previous year.
- Financial performance improvement plan actioned internally or externally.

The Committee agreed to endorse the previous Minutes of 27 September 2021 so that they can go to the November Council meeting.

COMMITTEE RECOMMENDATION

ARIC36/21

THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 27 September 2021 are confirmed as a true and accurate record of proceedings.

Moved Councillor Maslin

Seconded Mr Pearson

CARRIED

9.2 CLR ANNE MASLIN - FINAL ARIC MEETING

Miles Pearson and John Barbeler thanked Clr Anne Maslin for her contribution, diligence, perseverance and being proactive at the ARIC meetings.

10. NEXT MEETING

Friday, 10 December 2021.

There being no further business the Chair declared the meeting closed at 6.00pm

CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 11 November 2021 were confirmed by Committee at a duly convened meeting on 10 December 2021 at which meeting the signature hereon was subscribed.