



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit Risk And Improvement Committee Meeting

19 March 2021

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

ON FRIDAY 19 MARCH 2021

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 MARCH 2021
COMMENCING AT 10.03AM**

PRESENT:

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

Non-Voting Attendees: Peter Bascomb, Chief Executive Officer

Guests: David Rawlings, Chief Strategy Officer
Nick Byrne, Chief Financial Officer
Anton Yap, Organisational Risk Management Officer
Cherie McNair, Project Manager
Jessica Buttriss, EA to CEO Mayor and Councillors (Secretariat)

Apologies: Councillor Anne Maslin, Council Member

1. OPENING OF THE MEETING

The Chair opened the meeting at 10.03AM and acknowledged the traditional custodians of the land on which the meeting was taking place upon, in particular the Ngarigo, Walgalu, Ngunnawal and Bidhawal people of the Snowy Monaro. The Chair wished 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 DECEMBER 2020

COMMITTEE RECOMMENDATION

ARIC1/21

That the minutes of the Audit Risk And Improvement Committee Meeting held on 2 December 2020 are confirmed as a true and accurate record of proceedings.

Moved Chair Tooke

Seconded Mr Barbeler

CARRIED

5. BUSINESS ARISING

5.1 REVIEW OF STRATEGIC SCHEDULE OF REVIEW 2020-2023

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: Nil
Cost Centre
Project
Further Operational Plan Actions:

EXECUTIVE SUMMARY

Raised for discussion based on the previous resolution.

The following officer's recommendation is submitted for consideration.

COMMITTEE RECOMMENDATION

ARIC2/21

That the Strategic Schedule Review 2020-23 be reviewed by Council in light of the agreement with CRJO for the provision of Internal Audit Services with finalised document to be presented to the next Audit Risk and Improvement Committee meeting.

Moved Chair Tooke

Seconded Mr Pearson

CARRIED

6. PRESENTATIONS

6.1 PROJECT MANAGEMENT FRAMEWORK

Cherie McNair, Project Manager, attended the meeting to present the Project Management Framework.

- Key objective to implement a project management framework that was familiar to staff and aligned to State Government expectations.
- Aligned project management with grants administration and risk management framework.
- Seeking consistency, clarity, collaboration, continuity, capability and communication. Tools and templates to make process easier to understand and complete.
- Structured approach based on Prince2 principles - flexible enough to support small in-house projects and large complex projects.
- PMF consists of a number of documents. Designed around a workflow system.

- Structure:
 - Project initiation
 - Project scope
 - Business case
 - Project approval
 - Project management
 - Project completion
- Risk assessment built into every stage of the process.
- About doing homework before funds are applied for. Aiming to reduce scope creep or poor understanding of what may be required.
- S355 committees involved in rollout of the framework - they will need to engage in the process too.
- New projects to go into a test environment.
- Roll out to come later.

Cherie McNair left the meeting at 10.32am.

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

COMMITTEE RECOMMENDATION

ARIC3/21

That the Audit Risk and Improvement Committee note the presentation provided on the Project Management Framework and request a copy of the presentation and framework documentation.

Moved Chair Tooke

Seconded Mr Pearson

CARRIED

7. SPECIAL AGENDA ITEMS

Nil

8. REPORTS

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. Project Management Framework Flow Chart
2. Monaro Rail Trail Risk Assessment

EXECUTIVE SUMMARY

The Organisational Risk Management Officer has been tasked with addressing the 2019 RMCC Audit Findings with a deadline set by the TfNSW to address all documentation requirements by 10 March 2021 and to close all audit findings by 31 March 2021.

Initiatives to re-implement and improve enterprise risk management are underway. These include the update of Enterprise Risk Management Documentation against requirements of AS ISO31000 and Civic Risk Mutual risk management requirements and the update of Council's Corporate Risk Register. Project risk assessments are currently being implemented per Council's new Project Management Framework.

Snowy Monaro Regional Council along with Midwestern Council and Parks Shire Council have engaged Crowe Consulting to update, test and exercise Council's Business Continuity Plans under Civic Risk Mutual's Risk Enhance Program.

The quarterly Local Emergency Management Committee meeting was recently held on 24 February 2021, the first one organised by Organisational Risk Management Officer as LEMO. The Organisational Risk Management Officer had also been added to the Service Agreement Committee with the RFS and Council's Child Safe Working Group.

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

COMMITTEE RECOMMENDATION

ARIC4/21

That the Audit Risk and Improvement Committee:

- A. Receive and note the information in the report.
- B. That the RMO
 - i. provide the ARIC with a revised implementation schedule for the risk management framework at the June 2021 meeting.
 - ii. provide the ARIC with a list of Council's strategic and operational risks at the June 2021 meeting.
- C. Recommends to the Executive team that the RMO be used during ELT meetings to provide a challenge role.
- D. Provide questions and topics to David Rawlings that we would like addressed as part of our meeting with the Chief Officers at the June 2021 meeting.
- E. Reaffirmed its need to have regular updates on the implementation of Council's WHS framework, improvement activities, and injury and near miss statistics.

Moved Mr Pearson

Seconded Mr Barbeler

CARRIED

8.2 ACHIEVEMENT OF AUDIT PLAN

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

Cost Centre

Project

Further Operational Plan Actions:

EXECUTIVE SUMMARY

Plans to create a joint internal audit office through the Canberra Region Joint Organisation are still under discussion. Although there are now five Councils interested in the proposal, the issue of staffing and the relative share of costs are yet to be determined.

It has been noted that the NSW Government is likely to soon move on implementing outcomes from its discussion paper "A New Risk Management and Internal Audit Framework for Local Councils in NSW". This will result in increased costs of the ARIC, which will reduce the available funds for undertaking internal audits. It is expected that this will mean that it is not viable to continue with internal audit being provided through an internal employee model.

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

COMMITTEE RECOMMENDATION

ARIC5/21

That the Audit Risk and Improvement Committee:

- A. Note the need to change to the external provision of internal audit services for the provision of audit services until the CRJO IA model is in place
- B. Approve the seeking of quotations to engage an internal audit provider to carry out the following audits within the Audit Plan for this year:
 - Debt recovery
 - Rates management
 - Asset management
 - Contract management
 - Water charging
- C. Reconsider the Audit Plan after the formation of the CRJO Internal Audit arrangement (June 2021 or September 2021 meeting depending on clarity available as to operations).

Moved Chair Tooke

Seconded Mr Barbeler

CARRIED

Adjournment of Meeting

At 11.53am the meeting adjourned for lunch.

Resumption of Meeting

The meeting resumed at 12.15pm.

David Rawlings, Chief Strategy Officer, Anton Yap, Organisational Risk Management officer and Jessica Buttriss, Secretariat returned to the meeting at 12.50pm, at the conclusion of the CEO report.

8.3 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.*

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

COMMITTEE RECOMMENDATION		ARIC6/21
That the Audit Risk and Improvement Committee receive and note the information provided by the Chief Executive Officer, noting no findings of fraudulent or corrupt conduct reported in the past period.		
Moved Chair Tooke	Seconded Mr Pearson	CARRIED

8.4 AUDIT RECOMMENDATIONS PROGRESS

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: 1. Audit Actions Report (*Under Separate Cover*)
2. ELT reporting to be undertaken
ARIC Charter Reference: 5.6.8; 5.6.10;

EXECUTIVE SUMMARY

The report summarises the status of the recommendations from the various audits.

A. the changed dates be noted:

- a. IAF1904-00 16-04/04 – Procedures in the Asset Management Policy be finalised and published, date changed from 31 Dec 2020 to 31 Mar 2021.
- b. 18-19_02/04 (FN02) - Consider creating a formal payroll procedure and process flowchart, date changed from 31 Dec 2020 to 30 Jun 2021.
- c. 18-19_02/05 (FN02) - Perform risk assessment and document risks, date changed from 31 Dec 2020 to 31 Mar 2021.
- d. 18-19_02/07 (FN03) - Consider maintaining consolidated record of timesheet infringements/errors, date changed from 31 Dec 2020 to 30 Jun 2021.
- e. IAF2001-00 FN10-01 – Formalised asset disposal process, changed from 30 Jun 2020 to 31 Dec 2021.
- f. IA20-1A_R06 (FN07) – Formal procedure for development applications, changed from 30 Sep 2020 to 30 Jun 2021.
- g. IA20-1A_R07 (FN08) – Combined developer contributions plan, from 31 Dec 2021 to 30 Sep 2022.
- h. IA20-1A_R14 (FN16) - Prepare a procedure to assess proposals for works in kind, from 31 Aug 2020 to 30 Sep 2022.
- i. IA20-2A_R10 (OB10) - WHS Staff to coordinate with landfill management, changed from 31 Oct 2020 to 30 Jun 2021.
- j. IA20-2A_R13 (OB13) – Perform annual evacuation drills, changed from 30 Sept 2020 to 30 Jun 2021.
- k. IA20-2A_R11 (OB11) - Processes to ensure conformity to the WHS management system will be included in the purchasing and tendering, from 30 Jun 2021 to 31 Dec 2021.
- l. IAF2005-00 OB06-01 - Review and update the public interest disclosure policy, from 31 Dec 2020 to 30 Sep 2021.
- m. IAF2005-00 OB07-01 - Maintain an IT risk register, from 31 Dec 2020 to 31 Apr 2021.
- n. IA20-4S_R04 (OB04) - Perform a cybersecurity assessment and penetration testing from 31 Mar 2021 to 31 May 2021.
- o. IA20-4S_R05 (OB05) - Locate documents and register in Council’s EDRMS, changed from 31 Oct 2020 to 31 May 2021.

B. The following actions be marked as completed from an internal audit perspective:

- a. 18-19_02/08 (FN04) - Consider providing data analysis training to Payroll Officers.
- b. 18-19_02/09 (FN04) - Ensure that higher duties allowance calculations and long service leave deductions are automated in the new Corporate Information System.
- c. 18-19_03/06 (FN03) – Banking portal administrator access.
- d. 18-19_03/07 (FN04) – Investment documentation to be stored in records system.
- e. IAF1909-00 FN01-01 – Review user access rights periodically.
- f. IAF1909-00 FN07-01 – Assets capitalised on a timely basis.
- g. IA20-4S_R06 (OB06) - Statement of works completed documents included in the EDRMS.
- h. IAF1909-00 FN08-01 – Rates & charges reviewed by independent person.
- i. IAF1909-00 FN10-01 – Enhanced monitoring of purchase orders.
- j. IAF 2001-00 FN03-01 – Reconciliation of asset balances.
- k. IAF 2001-00 FN04-01 – Impairment of receivables.
- l. IAF2002-00 IA19-SAA3 - Provide results of QAIP.
- m. IAF2002-00 IA19-SAA6 - Modify audit planning approach.

- n. IAF2002-00 IA19-SAA7 - Establish practice of preparing risk and control matrix.
- o. IAF2002-00 IA19-SAA8 - Improve timeliness of issuing draft reports.
- p. IA20-4S_R03 (OB03) - Automatic log-off for all computers will be applied.
- q. IA20-1A_R01 (FN01) – Development guidelines be modified.
- r. IA20-1A_R02 (FN02) – User friendly development portal.
- s. IA20-1A_R03 (FN04) – New system provide online DA tracking.
- t. IA20-1A_R10 (FN11) – Development applications advertised with a variation.
- u. IA20-1A_R12 (FN14) – Formalising peer reviews.
- v. IA20-1A_R13 (FN15) - Maintain a register of variations to development standards.
- w. IA20-2A_R01 (OB01) - WHS framework when developed will include internal and external issues.
- x. IA20-2A_R02 (OB02) – Draft WHA policy to be updated.
- y. IA20-2A_R05 (OB05) - Update toolbox meeting checklist.
- z. IA20-2A_R07 (OB07) - Expand the use of the Vault system.

- C. The following be closed off as they are in following subsequent audits as repeat issues:
- a. IAF1909-00 FN03-01 – Access to EFT files after generation.
 - b. IAF1909-00 FN06-01 – Contract management policy.
 - c. IAF 2001-00 FN01-01 – Landfill remediation estimates.

COMMITTEE RECOMMENDATION

ARIC7/21

That the Audit Risk and Improvement Committee:

- A. Note the overdue reports that require additional time to be implemented (noting items i & j have not been included in the pack).
- B. Note the completion of the following actions (except f, h, i & z - not included in the pack).
- C. Note items closed off because of duplication (noting items a & b not included in the pack).
- D. Request reinstatement of process for extensions (for example p93 of the December 2019 papers), adding in a section for compensating controls being used to mitigate risk while actions are being implemented.

Moved Mr Pearson

Seconded Chair Tooke

CARRIED

8.5 ONGOING MONITORING OF AUDIT 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: Nil
Cost Centre

EXECUTIVE SUMMARY

Council is still working on identifying a solution to the myriad of locations that tasks are currently stored in. It will be important to identify exactly what it is that the tool needs to be achieved to ensure a solution is put into place that is effective.

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

COMMITTEE RECOMMENDATION

ARIC8/21

That the Audit Risk and Improvement Committee:

- A. Note the proposed action.
- B. Members provide David Rawlings with feedback on specifications they recommend.

Moved Chair Tooke

Seconded Mr Pearson

CARRIED

8.6 QUARTERLY BUDGET REVIEW STATEMENT (QBR) TO DECEMBER 2020

Record No:

Responsible Officer:	Chief Strategy Officer
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. December 2020 Quarterly Budget Review Statement
Cost Centre	4010 Financial Services

EXECUTIVE SUMMARY

This is a copy of the report placed before Council.

Following the adoption of the Operational Plan in June 2020, the second Quarterly Budget Review Statement (QBR) is presented to Council. Changes resulting from carry forward projects and adjustments are included in the attached report, along with the December YTD actuals.

The report shows that the cash position of the general funded activities of the Council continue to decline, to the point where most internal reserves will be used in the net cash spend this financial year. The focus has been retaining reserves within the employee leave entitlements and bonds held. As previously discussed, the finances of the Council are being reviewed to push back the need for rate increases as far as possible due to impacts of bushfires and COVID-19 on the economy. Council is not in a position to commit any additional net cash expenditure.

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

COMMITTEE RECOMMENDATION

ARIC9/21

That the Audit Risk and Improvement Committee receive and note the report.

Moved Chair Tooke

Seconded Mr Pearson

CARRIED

8.7 2020 STAFF SURVEY

Record No:

Responsible Officer: Chief Workforce Officer
 Key Theme: 4. Leadership Outcomes
 CSP Community Strategy: 10.4 Council will manage service delivery in an efficient and sustainable way as an employer of choice
 Delivery Program Objectives: 10.4.2 Council provides a workplace that ensures the health, safety and wellbeing is maintained through the management of potential risk
 Attachments: Nil
 Cost Centre
 Project Staff Survey 2020
 Further Operational Plan Actions:

EXECUTIVE SUMMARY

In April – May 2020, SMRC conducted our second Employee Engagement Survey. The survey provided staff with the opportunity to give feedback about the quality of work practices at SMRC. The survey also enabled the outcome of employee engagement, employee wellbeing and organisational progress to be measured.

The key findings of the report:

1. A sound participation rate of 51%, apparently remarkable during the COVID-19 period that the survey was undertaken;
2. There are opportunities for SMRC to improve in a number of areas, specifically:
 - Career opportunities – encourage and empower managers to invest time and effort in career planning and success planning discussions with their staff. Improve the translation of training and development into career opportunities and increase staff awareness of any pathways for career progression within Council.
 - Restructure – ensure that the purpose and future vision of the restructure continues to be communicated and that the council continues to provide support to staff in managing the transition.
 - Recruitment and selection – continue to build SMRC’s brand as an employer of choice within the region through ongoing internal culture development and external outreach. Review current resources and procedures for recruitment an selection to ensure they are robust and effective in placing talent within SMRC.
 - Technology – continue to support and upskill staff in utilising existing and newly introduced technology and explore opportunities s to improve the usability and reliability of technology within SMRC.

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

COMMITTEE RECOMMENDATION

ARIC10/21

That the Audit Risk and Improvement Committee:

- A. Note and acknowledge the report.
- B. Beth Barratt-Browne to present the Action Plan to the June 2021 meeting.

Moved Mr Barbeler

Seconded Chair Tooke

CARRIED

9. GENERAL BUSINESS

9.1 ARIC MEMBERSHIP VACANCY

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: Nil
Cost Centre
Project
Further Operational Plan Actions:

EXECUTIVE SUMMARY

The vacant position still remains to be recruited to the committee.

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

COMMITTEE RECOMMENDATION

ARIC11/21

That the Audit Risk and Improvement Committee receive and note the information in the report.

Moved Mr Pearson

Seconded Mr Barbeler

CARRIED

General Comment - Acknowledging constraints receiving papers on Tuesday is challenging.

10. NEXT MEETING

Tuesday, 15 June 2021.

There being no further business the Chair declared the meeting closed at 2.13pm

CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 19 March 2021 were confirmed by Committee at a duly convened meeting on 15 June 2021 at which meeting the signature hereon was subscribed.