



**SNOWY MONARO**  
REGIONAL COUNCIL

# **Minutes**

**Audit Risk And Improvement Committee Meeting**

**21 March 2022**



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

**ON MONDAY 21 MARCH 2022**

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

**ON MONDAY, 21 MARCH 2022  
COMMENCING AT 10.04AM**

**PRESENT:**

**Voting Attendees:** Miles Pearson, Independent Member (*A/g Chair*)  
John Barbeler, Independent Member  
Andrew Cox, Independent Member  
Councillor Lynda Summers, Council Member

**Non-Voting Attendees:** Peter Bascomb, Chief Executive Officer

**Guests:** David Rawlings, Chief Strategy Officer  
Councillor Tricia Hopkins, Council Member (*Alternate*)  
Gary Mottau, A/g Chief Financial Officer  
Jeff Morgan, Chief Operating Officer  
Stephanie Sellar-Peam, A/g Chief Workforce Officer  
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*)

**1. OPENING OF THE MEETING**

Miles Pearson accepted the nomination of A/g Chair and opened the meeting at 10.04AM with Acknowledgement of Country and showing respect to the First Custodians of Snowy Monaro Lands.

Welcome and introduction to Councillor Lynda Summers, the new Councillor representative on the committee; Phil Swaffield, National Audits Group; and Gary Mottau, A/g Chief Financial Officer.

Presentations were moved to this section of the meeting.

**Attendance of National Audits Group**

*Phil Swaffield, National Audits Group joined the meeting at 10.00am.*

**1.1 NATIONAL AUDITS GROUP (NAG)**

Phil Swaffield thanked Council for the appointment of the NAG for the interim internal audit role. He has specialist experience in the Local Government sector. The final internal audit report on Contracts Management and Rates Management is expected by early May in time for the ARIC meeting in June. It will be completed with the requested scope.

The committee members suggested that the previous internal audit template be sent to NAG as a guide for the requested scope and that ARIC may provide feedback and make adjustments to the final report.

**COMMITTEE RECOMMENDATION**

**ARIC1/22**

That the previous internal audit template be sent to NAG as a guide for the requested scope of the report.

**Moved Mr Barbeler**

**Seconded Mr Pearson**

**CARRIED**

**Attendance of the Mayor**

*Peter Bascomb introduced Mayor Narelle Davis at 10.21am.*

*Councillor Tricia Hopkins arrived at the meeting at 10.28am.*

**1.2 A/G CHIEF FINANCIAL OFFICER**

Gary Mottau gave a brief summary of his extensive financial experience in Local Government. He understands that SMRC:

- Has a financial deficit and resourcing staff is difficult.
- Long Term Financial Plan needs to be developed.
- Difficult conversations with the community and strong decisions by Council in the future.

The main focus will be on:

- Financial sustainability – biggest risk.
- Developing the 22/23 budget, taking responsibility and control for its financial position, including financial planning policies that Council can adopt.

**1.3 BUILDING SECURITY**

Committee members commented on the building security audit with reference to:

- Lack of resourcing requirements and challenging because there are multiple buildings.
- Like to see management making decisions around areas of risks that have been identified and confidence that these audits are being considered.

Jeff Morgan gave an update:

- Not a lot of progress on the actions due to Covid. Reallocating staff and ensuring actions assigned to the correct level of staff.
- CCTV and Photo ID cards will not be a high enough priority in the budget. Need to identify cuts to services.
- Jindabyne pool – took out some windows to get a cross breeze as an interim solution to ventilation issues.
- Highdale Carpark Berridale – redeveloping that site.
- Snowy River Hostel – fencing for security not a priority. The key pad will stay at the main front entrance.
- Aged Care – divestment process.
- Sale yards – reduced number of sales.

<b>COMMITTEE RECOMMENDATION</b>	<b>ARIC2/22</b>
That a 'one page plan' including details of actions that can be achieved and accepted risks be developed and sent back to the next ARIC meeting in June 2022.	
<b>Moved Mr Cox</b>	<b>Seconded Mr Barbeler</b>
	<b>CARRIED</b>

#### 1.4 PAYROLL AND WHS

Peter Bascomb introduced Stephanie Sellar-Peam, A/g Chief Workforce Officer.

Stephanie Sellar-Peam gave a brief summary of her Human Resources experience.

Payroll:

- Robust process in place including payroll check lists.
- Timesheets – ensure data correctly reflects what an employee has done for that week. Pay data reviewed and random cross checks completed then handed over to finance for the second authorisation.
- Payslip wage check is traced back under the Award and cross checked for accuracy.

Committee members commented:

- Important to have controls in place as fraudulent activities through payroll could occur.
- What assurances are there against wage theft?
- Process around risk based plan for a wage list. Identify risks and have an assurance strategy plan to ensure management takes control.

**Action:** Andrew Cox provide an Assurance Strategy Plan template to committee members.

WHS:

- Responsible officers – new Team Leader WHS commenced this week. WHS Officer role vacant.
- Need to verify what is completed, correctly report our issues and then need to analyse the reporting.

Committee members:

- WHS is a high risk area. Encourage progress on these matters and updates brought to the committee.

David Rawlings advised that:

- Internal Auditor position vacant. National Audits Group engaged to conduct four internal audits.
- An internal audit plan has not been developed. For discussion at the next ARIC meeting in June 2022.
- Risk Officer position is vacant.

<b>COMMITTEE RECOMMENDATION</b>	<b>ARIC3/22</b>
That:	
A. Andrew Cox provide an Assurance Strategy Plan template to committee members.	
B. The Internal Audit Plan be discussed at the next ARIC meeting in June 2022.	
<b>Moved Mr Cox</b>	<b>Seconded Mr Barbeler</b>
	<b>CARRIED</b>

*Councillor Tricia Hopkins left the meeting at 11.20am during discussion on Item 1.4.*

*Councillor Tricia Hopkins returned to the meeting at 11.25am during discussion on Item 1.4.*

*Peter Bascomb left the meeting at 11.35am during discussion on Item 1.4.*

*Peter Bascomb Peter Bascomb returned to the meeting at 11.40am during discussion on Item 1.4.*

**Attendance of Director – Financial Audit and Audit Leader, Audit Office NSW**

*Lawrissa Chan, Director – Financial Audit and Furqan Yousuf, Audit Leader joined the meeting at 11.55am.*

**1.5 ANNUAL ENGAGEMENT PLAN**

Lawrissa Chan presented the Annual Engagement Plan. The key issues discussed were financial reporting and sustainability; revaluation of Infrastructure Property Plant & Equipment (IPPE); impacts of Covid and cyber security.

Committee members asked the following questions, with a response from Peter Bascomb:

- Progress on establishing the subcommittee to manage the deficit?
  - There was a Resolution at the Council meeting held on 18 November 2021 to formulate a committee, however Council is the committee – responsible for the budget.
- Update on cashflow forecasting model - seeking advice from overseas?
  - That particular model does not meet our requirements. The short term financial plan will be more appropriate for our model. Currently there is no cashflow model available in Australia Local Government.
- Infrastructure – any damage from the floods?
  - Mainly transport networks damaged including roads, culverts and bridges. Our focus is to ensure access to all areas and get the roads passable.

Gary Mottau:

- Will develop a ‘year-end check list’ project plan ready for the next ARIC meeting in June 2022.
- ARIC to review and adopt the draft financial statements in September 2022 before they are presented to Council.

**COMMITTEE RECOMMENDATION**

**ARIC4/22**

That a year-end check list project plan be presented at the next ARIC meeting in June 2022.

**Moved Mr Barbeler**

**Seconded Mr Pearson**

**CARRIED**

*Lawrissa Chan and Furqan Yousuf left the meeting at 12.25pm.*

*Councillor Tricia Hopkins left the meeting at 12.25pm.*

**Adjournment of Meeting**

*The meeting adjourned for lunch at 12.25pm*

**Resumption of Meeting**

*The meeting resumed at 12.45pm.*

## 2. APOLOGIES

Nil.

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

Nil

## 4. ADOPTION OF MINUTES OF PREVIOUS MEETING

### 4.1 AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 10 DECEMBER 2021

<b>COMMITTEE RECOMMENDATION</b>	<b>ARIC5/22</b>	
THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 10 December 2021 are confirmed as a true and accurate record of proceedings.		
<b>Moved Mr Barbeler</b>	<b>Seconded Mr Pearson</b>	<b>CARRIED</b>

## 5. BUSINESS ARISING

### 5.1 ARIC RESOLUTION UPDATES

Record No: I22/174

<b>COMMITTEE RECOMMENDATION</b>	<b>ARIC6/22</b>	
That the Audit, Risk and Improvement Committee receive and note the information in the ARIC Resolution Updates report.		
<b>Moved Mr Barbeler</b>	<b>Seconded Mr Pearson</b>	<b>CARRIED</b>

## 6. PRESENTATIONS

Presentations have been moved to another part of the document under Item 1.

## 7. SPECIAL AGENDA ITEMS

Nil.

## 8. REPORTS

### 8.1 AUDIT ACTIONS PROGRESS

Record No: I22/173

Committee members commented on: <ul style="list-style-type: none"><li>• Risk management at the business planning stage. Noted that risk assessment has been added to the templates for the Council meeting reports.</li><li>• Audit reports are overdue and not updated. Stay on top of audits and audit recommendations. Staff need to adhere to the reporting and update every month.</li><li>• Presentations from Jeff Morgan and Stephanie Sellar-Peam well received.</li></ul>
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- Information Technology General Controls. Invite the Coordinator ICT to come to the next meeting to present updates.

David Rawlings advised that a Risk Officer has still not been appointed.

**COMMITTEE RECOMMENDATION**

**ARIC7/22**

That the Audit, Risk and Improvement Committee:

- A. Receive and note the information in the Audit Actions Progress report.
- B. The following changes to due dates be agreed to:
  - a) Audit: IAF2004-00 – Work, Health & Safety Management System
    - 1) IA20-2A\_R12 (OB12) – date extended to 30 June 2022
  - b) Audit: IAF2007-00 - Risk Management
    - 1) IA20-5A\_RO1 (OB1) – date extended to 30 June 2022
  - c) Audit: IAF1912-00 – Governance Information (Public Access) Act Compliance
    - 1) 18-19\_08/07 FN06 – date extended to 30 June 2022
  - d) Audit - IAF2005-00 – Interim Management Letter for the year ended 30 June 2020
    - 1) OB06-01 – date extended to 30 June 2022
  - e) Audit - IAF2003-00 – Development Assessment
    - 1) IA20-1A\_R06 FN07 – date extended to 31 May 2022. Report back to the next ARIC meeting in June 2022 requested.
- C. Invite the Coordinator ICT to the next ARIC meeting in June 2022 to present an update on Information Technology General Controls.

**Moved Councillor Summers**

**Seconded Mr Pearson**

**CARRIED**

*Andrew Cox left the meeting at 1.00pm during discussion on Item 8.1.*

**8.2 CHIEF EXECUTIVE OFFICER REPORT**

Record No: I22/175

Peter Bascomb:

- Fraud identify corruption – nil to report.
- Manager Finance role is vacant. Additional staff needed.
- Closed off the Business Continuity Plan (BCP) for Covid for the time being. A revised BCP is being completed through our insurer. Development of a Pandemic Policy with CRJO in progress.
- Reduced staffing due to Covid. Identify what are the essential services and pulling staff from e.g. roads to water & wastewater to keep that service ongoing.
- Future Long Term Financial Plan will include a Special Rate Variation (SRV). Community consultation will need to be completed ahead of lodging a formal SRV application with IPART in February 2023.

<b>COMMITTEE RECOMMENDATION</b>	<b>ARIC8/22</b>
That the Audit, Risk and Improvement Committee receive and note the information provided by the Chief Executive Officer.	
<b>Moved Mr Barbeler</b>	<b>Seconded Councillor Summers</b>
	<b>CARRIED</b>

## 9. GENERAL BUSINESS

### 9.1 QUARTERLY BUDGET REVIEW STATEMENT (QBR) TO 31 DECEMBER 2021

Record No: I22/178

<p>Committee members asked some questions, with a response from Peter Bascomb:</p> <ul style="list-style-type: none"> <li>• How are the Service delivery reviews?</li> <li>• Infrastructure improvement? Validate improvements made and this will feed into the financial plans. <ul style="list-style-type: none"> <li>○ High level reviews using ABEF.</li> <li>○ Governance – resulted in some changes including transfer of one governance staff member to the executive office.</li> <li>○ Infrastructure and roads – significant recommendations.</li> <li>○ Stage 2 reviews in progress - Fleet, ICT, Planning and Built &amp; Natural Environment.</li> </ul> </li> </ul> <p>Committee members comments that ARIC:</p> <ul style="list-style-type: none"> <li>• Continues to express serious concerns on the financial sustainability of Council. This follows ARIC’s review of the operating deficit before capital result in the FY21 Financial Statements, ARIC concerns communicated in a briefing to the former Council, current management advice on the FY22 forecast deficit and Audit Office repeat Management Letters which emphasise Council’s financial sustainability issues and high risks.</li> <li>• Supports the former CFO’s opinion that the projected FY22 financial position will be unsatisfactory and further supports the recommended actions to improve performance outlined in the former CFO’s report.</li> </ul>
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<b>COMMITTEE RECOMMENDATION</b>	<b>ARIC9/22</b>
That the Audit, Risk and Improvement Committee:	
A. Receive and note the information in the Quarterly Budget Review Statement (QBR) report for the period ended 31 December 2021.	
B. Recommend and encourage Council to undertake immediate budget repair to:	
<ol style="list-style-type: none"> <li>1. Continue and enhance monthly reporting.</li> <li>2. Prioritise a balanced, rather than a deficit budget, by identifying and considering immediate income opportunities including but not limited to: <ol style="list-style-type: none"> <li>a. an Additional Special Variation (ASV).</li> <li>b. a Special Rate Variation (SRV).</li> <li>c. review projects not commenced with a view to defer or cancel.</li> <li>d. review expenses and services across the whole organisation.</li> </ol> </li> </ol>	
<b>Moved Councillor Summers</b>	<b>Seconded Mr Barbeler</b>
	<b>CARRIED</b>

## 9.2 MONTHLY FUNDS MANAGEMENT REPORT - JANUARY 2022

Record No: I22/179

### COMMITTEE RECOMMENDATION

ARIC10/22

That the Audit, Risk and Improvement Committee receive and note the information in the Monthly Funds Management Report as at 31 January 2022.

Moved Mr Barbeler

Seconded Councillor Summers

CARRIED

## 9.3 WORKFORCE MANAGEMENT REPORTS

Record No: I22/190

Responsible Officer:	Chief Executive Officer
Author:	Manager Workforce Service Delivery
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:	10.1.1 Council has a transparent and bold growth objective which provides a framework for decision making
Attachments:	1. WHS Report ARIC November 2021 - January 2022

### EXECUTIVE SUMMARY

The Work Health & Safety Report and Action on Employee Feedback/Surveys are presented to the Audit, Risk and Improvement Committee for information.

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

#### Committee members comments:

- Workplace inspections unsatisfactory. Suggest provide information on trends.
- State Cover report – status on implementation requested.
- Concern regarding 26 Incidents - more information required.
- More information on the resulting actions underway:
  - Promotion and encouragement of all staff to reporting all incidents, injuries and near misses via the Vault app.
  - Education of staff and managers on expectations for worker's compensation claims.

**COMMITTEE RECOMMENDATION**

**ARIC11/22**

That the Audit, Risk and Improvement Committee:

- A. Receive and note the information in the report on Work Health & Safety.
- B. Be provided with more information on Workplace Inspections, State Cover report, Incidents and Resulting Actions.

**Moved Mr Barbeler**

**Seconded Councillor Summers**

**CARRIED**

**9.4 CHAIR - AUDIT, RISK AND IMPROVEMENT COMMITTEE**

David Rawlings gave an update on the selection of a new Chair for the committee:

- Shortlisting in progress with interviews to follow.
- Once the new Chair is appointed, they will be introduced to the committee members so that a pre-meeting can be arranged. A Strategic Plan going forward to be discussed and presented at the next ARIC meeting in June 2022.

**9.5 MEETING DATES - JULY-DECEMBER 2022**

**COMMITTEE RECOMMENDATION**

**ARIC12/22**

That:

- A. Meeting dates be set from July-December 2022, taking into account the review of financial statements before they are presented to Council.
- B. Calendar invites be sent out.

**Moved Mr Pearson**

**Seconded Mr Barbeler**

**CARRIED**

Miles Pearson advised that he would be an apology for the December 2022 meeting.

**10. NEXT MEETING**

Monday, 20 June 2022

There being no further business the Chair declared the meeting closed at 3.06pm.

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CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 21 March 2022 were confirmed by Committee at a duly convened meeting on 20 June 2022 at which meeting the signature hereon was subscribed.