



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit Risk And Improvement Committee Meeting

16 September 2024

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

ON MONDAY 16 SEPTEMBER 2024

MINUTES

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

**ON MONDAY, 16 SEPTEMBER 2024
COMMENCING AT 10:00 AM**

PRESENT:

Voting Attendees:

Michael Quirk, Independent Member (Chair) – *In Person*
Andrew Cox, Independent Member – *Via Audio-Visual*
Shannon Buckey, Independent Member – *Via Audio-Visual Link*
Kylie McRae, Independent Member – *Via Audio-Visual Link*

Non-Voting Attendees:

David Hogan, Chief Executive Officer – *In Person*

Guests:

David Rawlings, Chief Strategy Officer – *In Person*
Simon Rennie, Acting Chief Financial Officer – *In Person*
Paul Fitzsimons, Internal Auditor – *Via Audio-Visual Link*
Scott Goudie, Coordinator of ITC – *In Person*
Gina McConkey, Coordinator of Strategic Development – *In Person*
Grace Mackay, Secretary Council and Committees (Secretariat)

1. OPENING OF THE MEETING

The Chair opened the meeting at 10:03 AM

2. APOLOGIES

It was noted that as Council is currently in caretaker, Councillor Lynda Summers was unable to attend the meeting.

It was also noted that the Coordinator of Governance, Luke O’Sullivan, is currently on leave and was not in attendance.

3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

Nil

4. ADOPTION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 17 JUNE 2024

COMMITTEE RECOMMENDATION	ARIC50/24
THAT the minutes of the Audit Risk And Improvement Committee Meeting held on 17 June 2024 are confirmed as a true and accurate record of proceedings.	
Moved Mr Quirk	Seconded Mr Buckley CARRIED

Item 8.1.1 was moved to the start of the meeting to allow the internal auditor, Paul Fitzsimons, to leave the meeting early.

8.1 AUDIT REPORTS

8.1.1 INTERNAL AUDITOR UPDATE

Record No: I24/531

COMMITTEE RECOMMENDATION	ARIC51/24
That ARIC receive the reports from the Internal Auditor.	
Moved Ms McRae	Seconded Mr Buckley CARRIED

The format was updated in hopes that it improves readability compared to previous reports. A new report was noted regarding the Risk Management Overview collaborated with the Coordinator of Governance. It was noted that there was not much progression on this however, resourcing and changes in staffing have been the major limiting factor. The internal auditor invited input on whether the next audit should include a light payroll investigation or none at all. In terms of open actions it appears they are on schedule or virtually complete.

A question was asked regarding what the process is on what items are selected to be audited. It was stated that the internal auditor puts forward what the main risk areas they see as required to the entities who return their preferences.

It was suggested by the committee to consider recommendations that are relevant to individual organisations that reduce their specific risk and suggest a way forward. Currently recommendations are not addressing this and seem very generic.

It was also stated by the committee that both the internal audit office and SMRC are doing a follow up which appears to be a duplicate task. Given the current resource situation, it does not seem feasible as the results were only producing minor differences.

The CEO appreciated the comments from the committee in terms of finding a more achievable recommendation but is hesitant to bring back actions at this time due to the lack of current corporate discipline. The senior procurement officer role has been performing above and beyond expectations in regards to that particular outstanding action. It was suggested that the CAMMS report be presented at the next ARIC meeting.

A comment was made about the risk management report and that adding a statement as to whether Council complies with the legislation and guidelines. Additionally, adding a segment on which areas Council is stronger or weaker in as this would be beneficial to Council.

It was noted by the committee that the risk management report was not very informative.

In relation to the payroll audit scope statement, the committee agreed that the audit completed in 2023 into the payroll was in response to particular allegations that were raised. It was suggested that the next focus be on process and people, omitting scope options that were looked in details during 2023.

5. BUSINESS ARISING

5.1 AUDIT RECOMMENDATIONS UPDATE

Record No: 124/534

COMMITTEE RECOMMENDATION	ARIC52/24
That the Audit, Risk and Improvement Committee receive the audit recommendations audit report	
Moved Mr Cox	Seconded Mr Quirk
CARRIED	

This item was taken as read.

It was stated that the executive leadership team are aware that things are falling behind due dates and have noted tasks needing more realistic timeframes. A new suite of recommendations will be coming through with achievable timeframes.

As it stands, there are a few high risk areas currently. One being the economic development strategies as that department was removed following the adoption of the 2024/2025 budget by Council in June 2024.

Fees and charges is up for discussion in the next budget cycle.

The committee suggested a comprehensive review of all actions should be undertaken to close out current outstanding actions where the risk no longer exists which will enable resources to be focused on other areas.

It was mentioned that the Jindabyne DCP was adopted at the August 2024 Council meeting after being deferred at the July 2024 Council meeting and councillors requesting a workshop with staff and the Department of Planning.

It was asked if Council currently meets legislative compliance for outdated policies. It was noted that compliance across all NSW Council's is relatively poor and that Council should evaluate what risks it is prepared to accept. It was noted that with the Towards Excellence program has and will continue to reduce this risk which will link into our delegations.

5.2 ARIC RESOLUTION UPDATES

Record No: I24/535

OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee note the information in the ARIC resolution updates report.

This is an information only report.

COMMITTEE RECOMMENDATION

ARIC53/24

That the Audit, Risk and Improvement Committee note the information in the ARIC resolution updates report.

Moved Mr Quirk

Seconded Mr Buckley

CARRIED

It was noted that staff have not had time to organise a meeting/workshop with the ARIC in regards to a the annual planning.

It was noted that items from the last ARIC minutes were not included in the listing (30/24 and 46/24).

It was suggested that a sweep through all outstanding actions for Council meetings be performed to remove any that no longer have budget. It was noted that some actions relating to safety improvements were unachievable a few months ago however, with the new budget, they have been implemented.

5.1 STANDARD REPORTS

OFFICER'S RECOMMENDATION

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

7.1.1 CHIEF EXECUTIVE OFFICER REPORT

Record No: I24/527

OFFICER'S RECOMMENDATION

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

This item was not moved or seconded.

In regards to WH&S, there were two near miss incidents last quarter. The cascading effects of those incidents could have been quite severe. The CEO mentioned a formal directive has been given to all executives, team leaders, managers and supervisors regarding minimum standards on safety across the organisation. Beyond that, disciplinary action will be taken where appropriate.

The new Manager of Safety and Innovation, Scott Bebbington started with Council a few weeks ago. Scott is in discussions with the CEO regarding a safety month with Council staff with certain trainings and workshops being compulsory for all staff.

Executive recruitment is progressing. The new Chief of Community Services, Tony Murray, commenced work last week. An offer has been accepted for the Chief Workforce Officer role and pending referee and police checks with hopes of commencement on the 28th of October. The Chief of Infrastructure and Projects role has been placed on hold due to not finding a suitable candidate. A temporary replacement will be in place until advertising occurs again in February or March 2025.

The 24/25 Budget was adopted at an extraordinary meeting on 27 June. This budget was happily received by the OLG and will allow Council to replenish cash reserves with \$1 million dollars per year being added for the next 5 years as part of the long term financial plan.

Council just completed an all staff engagement survey. This showed multiple areas needing improvement and specific action plans are being set out by the executives to drive culture change.

A financial delegation sweep was conducted over the past few weeks as part of procurement. All staff procurement delegations have been reviewed and reset. Delegations were either removed, condensed or lifted depending on necessity.

Council's customer request management system is well underway and is producing results. Staff were continuing to receive a lot of councillor enquiries but this has reduced due to being in the caretaker period. Reports will be taken to ELT meetings to start managing team performance.

The CEO mentioned that the Palladin contract has concluded. With the new Safety Innovation Officer now on board the CEO is confident that driving change internally will benefit the organisation in a more positive manner.

The new councillors will be determined towards end of the end of September. Council staff are organising a 3 day induction with assistance from Jenny Dowd who conducted the candidate sessions. These sessions will include workshops to discuss a significant reset on councillor behaviours, discipline, security and more formalised meetings.

A question was asked to the CEO if he was aware of any legislative breaches, fraud or corruption within the last quarter. CEO answered that in terms of fraud and corruption, no, there has been nothing. In terms of legislative breaches, it is only those safety breaches that are currently being investigated as stated earlier.

6. PRESENTATIONS

6.2 CYBER SAFETY AND RISK

The Coordinator of ITC reported no incidents of cyber security attacks in the last quarter with Crowd Strike providing 24 hour protection. The ITC department received a report in late August which reported 3 critical/extreme threats which were addressed immediately. Any remaining risks are being addressed by ITC and the risk list will be reported to the next ARIC.

Friendly Phishing reports have shown that there was high click rates in June with staff clicking on links and opening attachments however, no credentials were provided. Staff have been reporting legitimate scamming attempts and the CEO has also received multiple sophisticated scam emails. A concern was noted in that only 50% of staff are taking up and completing the training. Potential options to improve this are cut off dates with limited access to internet until training is complete and compulsory on-board training.

The cyber security gap analysis was discussed. It was mentioned that the intra-network protection is lacking. Crowd Strike monitor end point detection however, if a threat was to get in and be undetected by that end point, there is significant risk. The ITC team are looking into is a security event management systems which are artificial intelligence systems that can detect early attacks. They are also managed externally which is beneficial for resourcing.

The team are also looking into a formal assessment in maturity levels through Essential 8.

ITC are also working with Telstra to implement air gapping of our OT to enable closed management systems to protect from outside networks.

A question was asked regarding what Council’s mandatory compliance training is being performed by staff. It was suggested that ITC Friendly Phishing training be included with on-boarding. It was noted that the ITC security policy is currently being updated and will form part of that on-boarding along with a new workplace surveillance policy.

9.4 ICT CYBER SECURITY UPDATE

Record No: 124/523

OFFICER’S RECOMMENDATION

That ARIC note ICT Cyber Security Update.

This is an information only report.

COMMITTEE RECOMMENDATION

ARIC54/24

That ARIC note ICT Cyber Security Update.

Moved Mr Quirk

Seconded Mr Buckley

CARRIED

6.1 INTEGRATED PLANNING FRAMEWORK

It was stated that ARIC had identified 3 elements in terms of Council achieving their goals. The first being the IP&R documents themselves. The report prepared was heavily focused on the delivery plan but did not discuss the Community Strategic Plan (CSP). This plan is heavily in review at the moment and was started approximately 18 months ago. With the new Council commencing soon only a review is warranted. This review is conducted collaboratively with the CRJO and 11 other Councils. Earlier this year Council conducted 6 weeks of consultation with the community which received just over 600 pieces of feedback. The CSP is now currently with the designers to finalise and a workshop with the new Councillor’s is proposed in Nov/Dec this year. It is expected to go to Council to approve public exhibition for 28 days in March 2025. A question was asked when the deadline for completion of the CSP is, the answer was 30 June 2025. It was stated that the CSP will have more value if it is placed on exhibition separately to the delivery and operational plans and budget.

The delivery program was discussed. It was noted that some areas need improving particularly in regards to the operational plan. It was suggested that moving forward, we ensure a link is made between what Council is committed to perform back to our performance management system, which is currently not occurring resulting in minimal accountability. The Coordinator of Strategic Development has started consulting with the Workforce department to commence this process. It was mentioned that this program also needed to align with Council’s resources and current budget which has previously not been happening. Moving into the next cycle integrating the performance management system with the long term financial plan will raise awareness throughout the organisation and increase maturity levels.

The last delivery program progress report reflected one element of Council’s current performance. It was noted that improvements needed to be made on reaching outcomes. It was stated by the committee that deciding which updates needed to be monthly or 6 monthly reporting would be beneficial to Councillor and community awareness. Currently, the system is set up to report on the operational plan and not the delivery plan which is creating large unnecessary work load.

Attached to the report is a short timeline for 2025. It was noted that the body of work has tended to funnel towards the end of the year for previous years. This updated timeline has been adjusted to avoid this and the body of work has been scheduled for October. This will allow enough time to prepare and review submission responses and also schedule additional workshops with councillors as required. It is anticipated that this will remove frantic efforts to meet legislative requirements at the last minute.

A question was asked to the CFO if these timeframes were achievable for the finance team. It was stated that it is a tight timeframe but it is achievable.

9.1 INTEGRATED PLANNING FRAMEWORK - DEVELOPMENT OF REVISED PLANS

Record No: I24/506

COMMITTEE RECOMMENDATION	ARIC55/24
That ARIC note the information provided.	
Moved Mr Quirk	Seconded Mr Cox
CARRIED	

7. STANDARD AGENDA ITEMS

7.1.2 EMERGING RISKS

Record No: I24/528

COMMITTEE RECOMMENDATION	ARIC56/24
That the committee note the emerging risks.	
Moved Mr Quirk	Seconded Mr Buckley
CARRIED	

This item was noted as read.

It was noted that the most recent emerging risk could be the outcome of the election which will impact on the organisation.

The Towards Excellence program has identified that Council's current workload is stretching staff time. It was noted by the committee that there is a significant difference between staff capability and capacity. The executive are confident that there is a direction forward and will drive an operational improvement throughout the organisation. Identifying tasks that are a necessity and focusing on what basic requirements need to be met will be the initial priority.

A question was asked regarding launching the CRM system and it was noted that a soft launch has been done. The new Chief of Community Services now leads this team and will focus on reducing risk in this area. The process has been rolled out to the community and Councillors.

Managers presented to ELT on their 24/25 annual works plans recently. It was noted that a baseline has been set however, certain areas need to perform a more comprehensive plan to implement change in order to achieve current activities. Common issues were discovered in particular areas regarding community consultation across different departments. The executive is confident that when there is a full team of executives, change can be driven down through the management teams.

7.1.3 WORK HEALTH AND SAFETY UPDATE

Record No: I24/529

COMMITTEE RECOMMENDATION	ARIC57/24
That the information on the level of workplace safety incidents and activities be noted.	
Moved Mr Quirk	Seconded Ms McRae
CARRIED	

It was discussed that moving forward, Scott Bebbington the new Manager of Safety Innovation will attend future ARIC meetings to update the committee on work health and safety matters.

CEO noted that workplace inspections have increased due to a formal directive. It was noted by the committee that the August report had increased incidences and near misses which was advised is considered a result of the directive. The Manager of Safety Innovation has also been educating teams on what constitutes a near miss and the importance of reporting.

The committee has requested a presentation from the Manager of Safety Innovation on development and changes that has occurred since his commencement on the work health and safety framework at some point next year.

It was discussed that a safety reset will occur throughout the organisation from next month which will drive a culture change. It was noted that long term change will only occur once accountability is displayed.

An update was requested regarding the Jindabyne waste facility and if that had been resolved since the last meeting. It was stated that a lot of work had commenced to meet the requirements from the EPA. Inspectors assessed remediation actions from the incident and were pleased with the progress made. It was also noted that with the extreme weather lately Jindabyne landfill and others within the region had been closed for environmental and safety reasons.

7.1.4 DELIVERY PROGRAM PROGRESS REPORT

Record No: I24/505

COMMITTEE RECOMMENDATION	ARIC58/24
That the committee note the delivery program progress report.	
Moved Mr Quirk	Seconded Ms McRae
	CARRIED

This report was discussed during the update from the Coordinator of Strategic Development. It was noted as read.

It was stated by the committee that they were pleased that this level of reporting was presented to the public to show transparency.

7.2 FINANCE REPORTS

7.2.1 MONTHLY FUNDS MANAGEMENT REPORT - JULY 2024

Record No: I24/521

COMMITTEE RECOMMENDATION	ARIC59/24
That the committee note the information on investments.	
Moved Mr Quirk	Seconded Mr Buckley
	CARRIED

This report was taken as read.

It was stated by the CFO that investments were now using the services of Imperium Markets who deal with multiple other Local Government organisations. With interest rates increasing it is critical that Council seek expert advice on maximising investments.

7.2.2 MONTHLY FUNDS MANAGEMENT REPORT - JUNE 2024

Record No: I24/522

COMMITTEE RECOMMENDATION	ARIC60/24
That the committee note the information on investments.	
Moved Mr Quirk	Seconded Mr Buckley
	CARRIED

This report was taken as read.

7.2.3 CFO UPDATE

Record No: I24/524

OFFICER'S RECOMMENDATION
That ARIC note the CFO update.

This is an information only report.

COMMITTEE RECOMMENDATION	ARIC61/24
That ARIC note the CFO update.	
Moved Mr Quirk	Seconded Mr Buckley
	CARRIED

CFO stated that the year end was progressing well. Like many other Councils, we have applied for an extension but have not received confirmation. We are currently progressing well and anticipate that it will be completed earlier than last year. A plan has been confirmed with the Audit Office if this extension is granted.

GL structural refresh is going ahead with a planned go live date of 1 December 2024. This will allow adequate time to allow the budget to be more transparent and accountable for managers. This is taking up a lot of the CFO's time to ensure the GL is fit for purpose.

A questions was asked by the committee if the draft statements would be made available to them in November which the answer was yes. The committee asked the Audit Office if they had concerns about meeting the deadline to which there are no concerns.

Another question was asked regarding re-evaluations of roads would qualify this year. The audit office stated that they were not in a position to remove the qualifications on the roads and that it needed to taken through their technical issues committee and therefore, the qualification may stay.

The committee asked if the interim audit was completed to which it was advised it was completed and signed with only 4 points in the management letter to which last year there were 18 which shows that we are improving.

The committee asked the audit office if they were performing data analytics this year to which the answer was yes. Basic analytics will be performed but the focus will be on the valuations.

It was requested by the committee to have revotes brought back to ARIC as an annual or 6 monthly basis.

8. SPECIAL AGENDA ITEMS

8.2 OTHER REPORTS

9. GENERAL BUSINESS

9.2 BUSINESS CONTINUITY PLANNING

Record No: I24/536

COMMITTEE RECOMMENDATION	ARIC62/24
That the status of the incomplete business continuity framework approved in 2019 be noted. That the committee be advised of the review of testing part or all on the framework.	
Moved Mr Quirk	Seconded Ms McRae
	CARRIED

It was stated that there has not been many changes regarding the BCP as it has struggled to gain traction due to continual issues with resources and staff leave. There is a risk surrounding the uncertainty of a timeframe to completion however, once this is finalised that risk will be nil. There will be an internal review of current positions.

A question was asked regarding a shorter version of this document during a crisis. It was stated that yes there is a response checklist in the event of a crisis, it would just need to be located.

Another question was asked if any testing had been done more recently. It was stated that no testing as it has been in a perpetual draft mode since used for COVID.

A question was asked if the BCP was integrated into the Local Emergency plan and disaster recovery. It has not as yet, as the Local Emergency Management Officer is currently on extended leave. The Manager of Safety Innovation has been investigating aligning that integration with the draft documents which will guide the finalisation.

9.3 FRAUD AND CORRUPTION PREVENTION

Record No: I24/537

COMMITTEE RECOMMENDATION	ARIC63/24
That the current position in relation to fraud and corruption prevention be noted and that a report identifying improvements be provided to the March 2025 ARIC meeting	

Moved Mr Quirk

Seconded Mr Buckley

CARRIED

It was stated that this area has limited resources and has been further reduced after the confirmation of the 24/25 budget. Staff are continuing to work reactively and as a result there is no comprehensive or proactive review to implement improvements.

Other general business items discussed were;

- Committee requested an asset management briefing for the next ARIC meeting.
- It was requested that for the next ARIC meeting a report be presented where the program is up to and what is incorporated in the Towards Excellence project. The Governance Service review partially overlaps with the Towards Excellence project but if an additional report was produced, the committee would like to review this also.
- Potential online meeting on 4 November to discuss the draft financial statements

10. NEXT MEETING

Monday, 9 December 2024

There being no further business the Chair declared the meeting closed at 12:32 PM.

CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 16 September 2024 were confirmed by Committee at a duly convened meeting on 9 December 2024 at which meeting the signature hereon was subscribed.