

# AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

## AGENDA

2 Prince Street, Grafton (Chambers)

Tuesday, 14 February 2023

12noon - 12:30pm – Lunch

12:30 pm - 3:00pm – ARIC Meeting

### Members (voting):

- Neville Parsons (Chair)
- Barry Ford
- Christine Tyler

### Attendees:

- General Manager - Laura Black
- Kallet Ward- Internal Audit Officer
- Kevin Franey -TNR Chartered Accountants **(online via teams)**
- Ben Rogers - TNR Chartered Accountants **(online via teams)**
- Jamie Fleeting – Director Works & Civil
- Alex Moar - Director Corporate Governance & Community
- Adam Cameron - Director Environment and Planning
- Cr Peter Johnstone
- Gearoid Fitzgerald - NSW Audit Office **(online via teams)**
- Penelope Corkill- Director Risk & Insurance – Centium **(online via teams)**

**Welcome and Acknowledgment to Country:** Deliver by the Chair, Neville Parsons

**Apologies:**

**Declarations of Interest:**

**Confirmation of Minutes of previous meeting held on 8 December 2022**

| Item No. | Business   | Attachments |
|----------|--|-------------|
| 1.       | Annual Financial Statements 2021/2022: Progress Update by Kevin Franey/ Ben Rogers   |             |
| 2.       | External Audit Reports <ul style="list-style-type: none"> <li>a) Recent External Audit Reports</li> <li>b) Prior External Audit Reports including Audit Office correspondence Progress Update</li> </ul>   |             |
| 3.       | Internal Audit Reports <ul style="list-style-type: none"> <li>a) Recent Internal Audit Reports               <ul style="list-style-type: none"> <li>2022/2023 Internal Audits conducted by Penelope Corkill (Centium)                   <ul style="list-style-type: none"> <li>• Environmental Management Compliance audit draft report is attached for information and review. <b>(To be presented after 2pm)</b></li> </ul> </li> </ul> </li> <li>b) Prior Internal Audit Reports Progress Update</li> </ul> | √           |

| Item No. | Business   | Attachments |
|----------|--|-------------|
| 4.       | Continuous Improvement Program (CIP) Self Assessment Audit for 2022- State-Wide Mutual <ul style="list-style-type: none"> <li>• Roads</li> <li>• Signs as a Remote Supervision (Open Spaces)</li> <li>• Fire Management- Grafton Regional Landfill</li> </ul> A 2022 CIP bench-marking report from the State-Wide Mutual is attached for information and review. | √           |
| 5.       | Legal Compliance Process Review – Progress Update  | √           |
| 6.       | Motions submitted to 2022 LGNSW Annual Conference by Manager Environment and Regulatory Services, Scott Lenton and Manager Water Cycle, Greg Mashiah <ul style="list-style-type: none"> <li>• An updated report of the outcome of the motions submitted to the 2022 LGNSW Annual Conference is attached for your information.</li> </ul>                         | √           |
| 7.       | Brief update on the Guidelines for Risk Management and Internal Audit for Local Government in NSW <ul style="list-style-type: none"> <li>• Council Circular 22-41 Update on the Guidelines for Risk Management and Internal Audit is attached for information</li> </ul>   | √           |
| 8.       | Observations from the Committee <ul style="list-style-type: none"> <li>• This will provide the opportunity for the Committee to provide insights and recommended areas for further review and information.</li> <li>• This will also identify priority action items for the Committee.</li> <li>• Emerging issues/ risks</li> </ul>                              |             |

Information and documents pertaining to the Committee are confidential and are not to be made publicly available. The Committee may only release council information to external parties that are assisting the Committee to fulfil its responsibilities with the approval of the general manager, except where it is being provided to an external investigative or oversight agency for the purpose of informing that agency of a matter that may warrant its attention.

**Item No. Business arising from previous minutes**

9. 2022/2023 Internal Audits conducted by Centium- High Level Key Findings

- Environmental Management Compliance audit
- WH&S Management audit

**Actions:**

- A draft report will be provided to the Executive team in January/2023 for review prior to be presented to the next ARIC meeting- **Completed**
- The Final Reports will be circulated to the Committee once received by Council.

10 Internal Audit Plan 2018-2021 -Progress Update

The committee received a one-page summary of actions with the progress status of each internal audit. It was identified that some of the actions haven't been progressed, due to limited resources.

**Recommendation:**

The committee recommended to:

- identify the high-risk areas of each of the 2018-2021 internal audit plan actions and focus on them as a priority.
- managers to delegate and allocate responsible officers to get accountability to implement the actions place 'on hold' those low risk actions that can't be actioned at this stage due to limited resources

**Resolved:**

- A One-page summary of actions with the progress status including strategies of each internal audit plan have been developed and will be presented to the ARIC.- **Completed**

11 Final Management Letter from the Audit Office

A One-page summary of actions with the progress status as up to October 2022 of each issue identified in the audit form the Audit Office is attached for information and discussion.

**Recommendation:**

- The committee recommended for an update and red alerts identified on the overdue matters for the February 2023 meeting- **Ongoing**

12 Timeline for completion of the Annual Financial Statements is attached for information.

- The extension for the lodging of the Annual Financial statements was approved to the 28<sup>th</sup> of February/2023 by the Office of the Local Government - **Completed**
- The timetable for completion of the Annual Financial Statements was presented to the committee, including a progress status update- **Completed**

**Recommendation:**

- The committee recommended to move the February meeting from 2<sup>nd</sup> to the 14<sup>th</sup> of February 2023 to also enable the review the Annual Financial Statements as per the revised timetable- **Completed**

13 Continuous Improvement Program (CIP) Self Assessment Audit for 2022- State-Wide Mutual

- Roads
- Signs as a Remote Supervision (Open Spaces)
- Fire Management- Grafton Regional Landfill

**Actions:**

**Item****No. Business arising from previous minutes**

- Action plans arising from the program are in progress
- Follow up action will be undertaken every 3 months and updates will be reported to the committee
- A bench-marking report from the State-Wide Mutual will be presented to the next committee meeting-  
**Completed**

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**14 Legal Compliance Process Review**

- Legislative Compliance Register
  - Legislative Compliance Procedure (On draft)
- Legislative Compliance documents are attached for information and review.

**Actions:**

- Legislative Compliance process will be implemented Quarter 3<sup>rd</sup>, 2022/2023

**Recommendation:**

- The committee recommended that management develop a list of actions required under the various pieces of legislation and that accountability be allocated to respective managers for that compliance

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**15 Proposed motions to be submitted to 2022 LGNSW Annual Conference by Manager Environment and Regulatory Services, Scott Lenton and Manager Water Cycle, Greg Mashiah****Recommendation:**

- The committee supported the motions and recommended to submit the motions to Council for their final decision.

**Resolved:**

- Council endorsed the motions and they will be submitted to the 2022 LGNSW Annual Conference. -  
**Completed**
- In progress- The committee requested an update of the motions that were submitted to the LGNSW Annual Conference.
- Reports of the LGNSW Annual Conference will be presented to the committee in February, including the updates of the motions.

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**16 Observations from the Committee**

- This will provide the opportunity for the Committee to provide insights and recommended areas for further review and information.
- This will also identify priority action items for the Committee.
- Emerging issues/ risks

There was a discussion about 3 main areas that could be a challenge for organisations nowadays:

- Cyber security
- Economic Impact (council rates)
- Environment/ climate change

**Recommendation:**

- The committee recommended to the Executive to engage with the councillors to discuss these challenges and their potential impact on Council.
- The committee members have been invited to attend a Code of Conduct refresher Training Session on the 14<sup>th</sup> of February/2023.

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**Meeting Closed:**