

# AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

## AGENDA

2 Prince Street, Grafton (Chambers)

Thursday, 23 June 2022

12noon - 12:30pm – Lunch

12:30 pm - 3:00pm – ARIC Meeting

### Members (voting):

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

### Attendees:

- General Manager (Acting) – Laura Black
- ~~Cr Peter Johnstone~~
- Kallet Ward- Internal Audit Officer
- ~~Gearoid Fitzgerald – NSW Audit Office~~
- Kevin Franey -TNR Chartered Accountants (**online via teams**)
- Ben Rogers - TNR Chartered Accountants (**online via teams**)
- Jamie Fleeting - Director Civil Services
- Alex Moar - A/ Director Corporate Governance
- Kate Maginnity - Manager Finance and Systems
- Murray Lane - Manager Development and Land Use Planning
- Rick Johnson - A/ Manager Civil Services
- Greg Allsopp - Manager Strategic Infrastructure
- Paul Gallagher - Fleet Coordinator
- Scott Lenton - Manager Environment and Regulatory Services
- Greg Mashiah - Manager Water Cycle
- Adam Cameron – Director Environment and Planning

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

**Apologies:** Cr Peter Johnstone, Gearoid Fitzgerald

**Declarations of Interest:**

**Confirmation of Minutes of previous meeting held on 28 April 2022**

Item No.	New Business	Attachment
1.	<p>Internal Audit Plan 2018-2021 -Progress Update</p> <p>Managers to provide a brief update of the progress status of their internal audits</p> <p>Progress Reports are attached on the following:</p> <ul style="list-style-type: none"> <li>• Developer Contribution Plan Management by Manager Development and Land Use Planning: Murray Lane</li> <li>• HR Strategy by A/ Director Corporate Governance: Alex Moar</li> </ul>	√

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	<ul style="list-style-type: none"> <li>Project Management by Director Civil Services: Jamie Fleeting and Manager Strategic Infrastructure: Greg Allsopp</li> <li>Plant Replacement by Director Civil Services: Jamie Fleeting and Fleet Coordinator: Paul Gallagher</li> <li>Asset Maintenance &amp; Renewal by Director Civil Services: Jamie Fleeting and A/ Manager Civil Services: Rick Johnson</li> <li>Budget Management by Manager Finance and Systems: Kate Maginnity</li> <li>Corporate Overheads by Manager Finance and Systems: Kate Maginnity</li> <li>Grant Management by Manager Finance and Systems: Kate Maginnity</li> <li>Contract Management by Manager Finance and Systems: Kate Maginnity</li> <li>GIS Mapping by Manager Finance and Systems: Kate Maginnity</li> </ul>	
2.	<p>Management Letter action plans- progress updates as up to June 2022 by Manager Finance and Systems, Kate Maginnity</p> <p>Action plans- progress reports that address issues identified in the External Audit Management Report (Final Management letter from the Audit Office) are attached for information and review.</p> <ul style="list-style-type: none"> <li>A schedule/ action plan for each issue has been developed, including actions, progress, due dates for key milestones for delivery, milestones achieved/ not achieved/ reasons, responsible person</li> </ul>	√
3.	<p>Annual Engagement Plan-2022 by Manager Finance and Systems, Kate Maginnity</p> <p>A copy of the Annual Engagement Plan-2022 from the Audit office is attached for information and discussion.</p> <p>A copy of the Business paper, where Council is seeking an extension for lodgement of the 2021/2022 Annual Financial Statements to the Office of Local Government Financial Reporting Requirements following the floods of 2022 is attached for information.</p> <p>The ARIC out of session on 9 May 22 via email approvals from the ARIC members agreed to support Council in its Submission of the Request to seek an extension for lodgement 2021-2022 Financial Statements</p> <ul style="list-style-type: none"> <li>Brief update of the progress status of the Annual Engagement Plan -2022</li> <li>Brief update of an extension with the timeframes from the Audit Office of NSW due to the challenges that CVC have been facing such as: bushfires, floods and the covid 19 pandemic.</li> </ul>	√
4.	<p>Proposed motions to be submitted to 2022 LGNSW Annual Conference by Manager Environment and Regulatory Services, Scott Lenton and Manager Water Cycle, Greg Mashiah</p> <ul style="list-style-type: none"> <li>The two motions proposed to be submitted to Council for endorsement to submit to the 2022 LGNSW Annual Conference are included with the Agenda and the Managers recommending the Motions will provide an overview at the meeting.</li> <li>The Committee to review the proposed Motions and if in agreement with the Managers proposals recommend that the Motions be endorsed by Council and submitted for consideration and determination at the 2022 LGNSW Annual Conference.</li> </ul>	√
5.	<p>Integrated Planning &amp; Reporting (IP&amp;R) Overview Presentation by GM (Acting) Laura Black</p> <ul style="list-style-type: none"> <li>High level presentation about the IP&amp;R documents</li> </ul>	
6.	<p>Executive Summary- Staff Engagement Survey 2021 by GM (Acting) Laura Black</p> <ul style="list-style-type: none"> <li>A copy of an overall staff survey results is attached for information and review.</li> </ul>	√

Item No.	New Business	Attachment
7.	<p>Expression of Interest (EOI)- Internal Audit Service Provider</p> <p>An EOI was advertised via vendor panel to engage an Internal Audit service Provider. EOI's are attached for review and selection.</p> <p>The following approximate dates for implementation of the service are, for information:</p> <ul style="list-style-type: none"> <li>• Open date for EOI submissions: Friday 20 May 2022</li> <li>• Closing date for EOI submissions: Friday 10 June 2022 at 4pm</li> <li>• Appointment of internal auditor: Thursday 23 June 2022</li> <li>• Commencement of internal audit: Friday 1 July 2022</li> </ul>	√
8.	<p>Fraud Control Policy</p> <ul style="list-style-type: none"> <li>• A draft copy of the Fraud Control Policy is attached for information and feedback.</li> </ul>	√
9.	<p>Business Paper- ARIC 24 May 2022</p> <ul style="list-style-type: none"> <li>• A copy of the Business paper presented to the council meeting on the 24 May 2022 is attached for information.</li> </ul>	√
10.	<p>ARIC's status update to Council – 22 July 2022</p> <ul style="list-style-type: none"> <li>• ARIC's chair, Neville Parsons will be attending the next council workshop on the 22/07/2022 to provide a status update of the ARIC, for your information.</li> </ul>	
11.	<p>Observations from the Committee</p> <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>	

Item No.	Business arising from previous minutes	Attachment
12	<p>Terms of Reference (ARIC)</p> <p>Terms of Reference have been reviewed by the committee. TOR will be reviewed annually; next review will be in April 2023.</p> <p><b>Recommendation:</b></p> <ul style="list-style-type: none"> <li>- That the Terms of Reference as reviewed and agreed be submitted to Council for endorsement</li> </ul> <p><b>Resolved:</b></p> <ul style="list-style-type: none"> <li>- That the Terms of Reference as reviewed and agreed be submitted to Council for endorsement in May/2022</li> <li>- Council has endorsed the Terms of Reference on the 24 May 2022 (Council Resolution- 07.22.087)</li> </ul>	
13	<p>Internal Audit Charter has been reviewed by the committee. This charter will be reviewed annually, next review will be in April 2023.</p>	

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

- That the Internal Audit Charter as reviewed and agreed be submitted to Council for endorsement

**Resolved:**

- That the Internal Audit Charter as reviewed and agreed be submitted to Council for endorsement in May 2022
- Council has endorsed the Internal Audit Charter on the 24 May 2022 (Council Resolution- 07.22.087)

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- 14 Council Strategic Risk Register. Council Risk Management Framework (policy, plan, and procedure). Please provide recommendations about the policy.

**Recommendation:**

- That the Enterprise Risk Management Framework be reviewed by the committee and discussed at the next meeting
- The Committee to make any recommendations for improvement including identification of any other risks and/or changes to risk ratings

**In progress:**

- That the committee provide recommendations about the Enterprise Risk Management Framework ((policy, plan, and procedure).

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- 15 Directorate's risks and challenges.

Directors presented their main risks and challenges that they are facing in their Directorates.

**Recommendation:**

- The committee recommended to have an emerging risks/issues as a standard item in the agenda for the Director's meetings and other council's meetings
- The committee requested a copy of the results of the last staff survey to review and analyse data.
- The language of "modernisation" to be reviewed with possibility of using "business transformation" or systems and process redesign to ensure efficiency and effectiveness.

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- 16 Management Letter action plans- progress reports

The committee received a copy of the Final Management Letter from the Audit office with a progress update as up to April 2022 at the bottom of each issue, for information and review.

**Recommendation:**

- Kallet to develop a schedule/ action plan for each issue, including actions, due dates for key milestones for delivery, responsible person

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- 17 Strategic- 3-year Audit Plan 2022-2025

The committee received and reviewed the Strategic- 3-year Audit Plan 2022-2025.

**Recommendation:**

- That the Strategic 3-year Audit Plan 2022-2025 is endorsed by the committee subject to any changes/ feedback based on today's presentations from the risk management team and Directors.
- That the committee review the Strategic 3-year Audit Plan 2022-2025 and based on today's presentations provide feedback to Kallet

**Resolved:**

- Council has endorsed the 3-year Audit Plan 2022-2025 on the 24 May 2022 (Council Resolution- 07.22.087)

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- 18 Council's Public Liability & Professional Indemnity Insurance
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Item No.	Business arising from previous minutes
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The committee received the copy of Council’s Public Liability & Professional Indemnity Insurance.

Cr Johnstone asked if this policy includes anything to do with working with or working in an asbestos premise.

**Recommendation:**

- Kallet to find out with Council’s insurance officer if asbestos is included in the Council’s Public Liability & Professional Indemnity Insurance.

**Resolved:**

- Asbestos is an Exclusion under Council’s Public Liability & Professional Indemnity Insurance.
- The Exclusion reads:  
ASBESTOS claims howsoever arising which are directly or indirectly caused by or contributed to by or arising from any loss demand claim or suit arising out of or related in any way to asbestos or asbestos containing materials. State-wide shall have no duty of any kind with respect to any such loss demand claim or suit.

19 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.

**Observations:**

**Internal Audit workplan**

- That the committee received and endorsed in principle the Internal Audit work plan
- That following the presentations at this meeting the committee provide any further feedback and recommendations in relation to the Internal Audit work plan within the next week
- That the Internal Audit Workplan reflecting any agreed feedback from the committee be submitted to Council for endorsement

**Resolved:**

- Council has endorsed the Annual Internal Audit Plan 2022-2023 on the 24 May 2022 (Council Resolution- 07.22.087)

**ARIC meetings times**

- It was agreed that future ARIC meetings will start at 12:30 pm

**Meeting Closed:**

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.