

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

AGENDA

2 Prince Street, Grafton (Chambers)

Thursday, 4 May 2023

12noon - 12:30pm – Lunch

12:30 pm - 3:00pm – ARIC Meeting

Members (voting):

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

Attendees:

- Laura Black – General Manager
- 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
- Penelope Corkill- Director Risk & Insurance – Centium (**online via teams**)
- Jason Peters- Financial Accountant
- Kate Maginnity- Corporate Systems

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

Apologies:

Non-Attendees:

Declarations of Interest:

Confirmation of Minutes of previous meeting held on 14 February 2023 by:

Item No.	Business	Attachment
1.	Annual Financial Statements Learnings Learnings from 21/22 to ensure delivery of Financial Statements on time by Kate Maginnity / Kevin Franey <ul style="list-style-type: none"> • Lessons learned including what changes have or will be made to ensure delivery of financials on time 	√
2.	External Audit Reports a) Recent External Audit Reports <ul style="list-style-type: none"> • Engagement Closing Report for the year ended 30 June 2022, has been issued to the ARIC last meeting and it is attached for information and further discussion • Final Management Letter on the Final Phase of the Audit for the year ended 30 June 2022 to be presented by Kevin Franey/ Ben Rogers 	√

Item No.	Business	Attachment
	<ul style="list-style-type: none"> Annual Engagement Plan (AEP) for the year ending 30 June 2023, including a timetable/ priority to be presented by Kevin Franey/ Ben Rogers Update of the additional costs involved for the audit due to the delays and the increased of work involved in the preparation of the 21/22 audit by Kevin Franey (This could be a risk of additional cost for Council) Final Management letter Action Plan- Progress Status- Year ended 30 June 2021 	
3.	Internal Audit Reports	
	<p>a) Recent Internal Audit Reports: Progress Update by Penelope Corkill (Centium)</p> <p>2022/2023 Internal Audits conducted:</p> <ul style="list-style-type: none"> WH&S audit report is attached for information and review. Payroll/ HR reporting is attached for information and review <p>b) Prior Internal Audit Reports: Progress Update</p> <ul style="list-style-type: none"> Internal Audit Action Plans 2018-2021- Progress update. A one-page summary of actions with the progress status of each action item is attached for information and review <ul style="list-style-type: none"> - Project Management - Plant Replacement - HR Strategy - Developer Contribution Plan Management - Asset Maintenance & Renewal - Budget Management - Corporate Overheads - Grant Management - Contract Management - GIS Mapping CiAnywhere platform progress status brief update of the modules by Kate Maginnity Continuous Improvement Program (CIP) Self Assessment Audit reports for 2022- State-Wide Mutual action items for each area attached for update information and review <ul style="list-style-type: none"> - Roads - Signs as a Remote Supervision (Open Spaces) - Fire Management- Grafton Regional Landfill 	√
4.	Service Review Program	
	Progress update will be presented by Alex Moar	
5.	Risk Management Progress Update	
	Council's risks progress update as per Council's current risk register is attached for information, review and discussion	√
6.	Financial Indicators for Local Government NSW- Operating Performance Ratio document is attached for information	√
7.	2022- Customer Satisfaction Survey Feedback report- Video is attached for information	√
8.	Code of Conduct Training Power point presentation is attached for information	√

Item No.	Business	Attachment
9.	<p>ARIC documents are attached for information and review</p> <ul style="list-style-type: none"> • ARIC Annual Report 2022/2023 (Draft) • Terms of Reference (Draft) • Internal Audit Charter (Draft) • Strategic 3-year Audit Plan (Draft) • ARIC Forward Agenda (Draft) 	√
10.	<p>Observations from the Committee</p> <ul style="list-style-type: none"> • 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 	

Meeting Closed:

Item No.	Business arising from previous minutes
11	<p>Annual Financial Statements 2021/2022:</p> <p>The committee received an update of the progress of the Annual Financial Statements</p> <p>Recommendation:</p> <ul style="list-style-type: none"> - The committee recommended to have an online special meeting on Tuesday, 21st of March/2023 to enable the review of the Annual Financial Statements before they will be presented to Council on Tuesday, 28 March/2023. - Completed - The chair of the committee noted that Council cannot afford to miss the new deadline (31st of March/2023) and recommended to allocate additional resources if it is necessary. - Noted - The committee recommended to review the Annual Engagement Plan 2022-2023, including a timetable/ priority at the next ARIC meeting - The committee recommended to discuss at the next meeting the learnings from 21/22 (including what changes have or will be made to ensure delivery of financials on time) and what are the additional areas of focus for the Audit for the current year 22/23 <p>Actions:</p> <ul style="list-style-type: none"> - Recommendations to be addressed at the ARIC meeting on the 4 May/2023
12	<p>External Audit Reports</p> <p>Actions:</p> <ul style="list-style-type: none"> - The committee will receive an update of the costs involved for the audit items - The final Management letter report will be discussed in the next ARIC meeting - Kallet to send the 2022 Customer satisfaction survey feedback report/ presentation to the members of the ARIC for their information- Completed
13	<p>2022/2023 Internal Audits conducted by Centium- High Level Key Findings</p> <ul style="list-style-type: none"> • Environmental Management Compliance audit • WH&S Management audit <p>Actions:</p>

**Item
No.**

Business arising from previous minutes

- 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 – **Completed**

Recommendation:

- The committee recommended that the key findings/risks identified in the Environmental Management audit to be placed in the risk register and to be linked to the 2023-2024 Operational plan to be monitored and implemented.

Resolved:

- Key findings of the audit were integrated in the risk register and link to the Operational Plan- **Completed**

14 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 have not 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 cannot 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**

15 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 from 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**

16 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 3rd, 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: **In progress**

17 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

Recommendation:

- The committee recommended to review the Enterprise Risk Management Framework including the Strategic Risk register in the next ARIC meeting. This will provide the opportunity for the committee to discuss any new risks/issues that Council is facing and to consider whether Council has the effective controls in place to mitigate those risks.
- The committee recommended to review the following ARIC's documents in the next ARIC meeting:
 - Terms of Reference
 - Internal Audit Charter
 - Strategic/ Annual Internal Audit Plan
- The committee members have been invited to attend a Code of Conduct refresher Training Session on the 14th of February/2023.- **Completed.**
- The committee requested to obtain a copy of the power point presentation for their information.