RECOMMENDATION

That Council:

1. receive the report by the Executive Manager, Human Resources on the Audit Risk and Improvement Committee Minutes 15 May 2020;

2. endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 15 May 2020;

3. make representations to the Office of Local Government for an earlier issue of the Local Government Code of Accounting Practice and Financial Reporting; and

4. submit the ARIC representations to Local Government NSW and seek the support of the Joint Organisation.

Executive summary

This report is to advise Council of the matters given consideration at the meeting of the Audit Risk and Improvement Committee held on 15 May 2020.

Disclosure of Interest

Nil.

Detailed report

The Audit Risk and Improvement Committee Charter requires the Committee to report to Council at the first opportunity (dependent on meeting schedules) after each meeting held. Attached to this report are the minutes of the May 2020 meeting.

Community Plan implications

<table>
<thead>
<tr>
<th>Theme</th>
<th>Good Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal</td>
<td>An effective and efficient organisation</td>
</tr>
<tr>
<td>Strategy</td>
<td>Prudently manage risks association with all Council activities</td>
</tr>
</tbody>
</table>

Strategic implications

Council Strategies
Not Applicable.

Council Policies
Audit Risk and Improvement Committee Charter.

Legislation
Not Applicable.

Financial implications
Not Applicable.

Associated Risks
Nil.

MICHELE GEORGE
EXECUTIVE MANAGER, HUMAN RESOURCES
25 May 2020

Attachments:  1.  200515 ARIC Meeting Minutes.pdf.

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER
Minutes of the Audit, Risk and Improvement Committee
Held at the Council Chambers, 86 Market Street, Mudgee
on 15 May 2020, commencing at 10:09AM and concluding at 11:30AM

PRESENT (in person)
John Stuart, Chair; John Bentley, Committee Member; John O’Neill, Committee Member; Michele George, Executive Manager Human Resources; Leonie Johnson, Chief Financial Officer, Erin Reid, Minute Taker.

PRESENT (conference call)
Brad Cam, General Manager; Ian Blake, Manager ICT; Tim Johnston, Manager Governance; Todd Dewey, Crowe; Levy Mpofu, Crowe.

Item 1: Apologies

1.1 APOLOGIES

MOTION: Stuart/O’Neill
That the apology for Garry Hemsworth, Director Operations be accepted.

Item 2: Disclosure of Interest
There were no disclosures of interest

Item 3: Confirmation of Minutes

MOTION: O’Neill/ Bentley
That the Minutes of the previous ARIC Meeting held on 7 February 2020 be taken as read and confirmed.

Item 4: Matters in Progress

4.1 MATTERS IN PROGRESS

MOTION: Bentley/O’Neill
That the item Contractor Management Review be noted as completed and removed from matters in progress.
<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>REPORT NO. &amp; DATE</th>
<th>RESOLUTION</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud Control Improvement</td>
<td>2.2 - 16 August 2019</td>
<td>That the Audit, Risk and Improvement Committee notes the completed Fraud Control Improvement Checklist and that the Audit, Risk and Improvement Committee be updated on the Fraud Control Improvement every three months.</td>
<td>Update to be provided at the 8 November 2019 ARIC Meeting. Refer to report 6.10</td>
</tr>
<tr>
<td>Interim Management Letter</td>
<td>2.3 – 16 August 2019</td>
<td>That ARIC: 1. receive the Interim Management Letter; 2. note the auditor recommendations and management responses; 3. request that a register to manage action items be developed; 4. recommends progress on action items be reported back to ARIC every three months.</td>
<td>Please refer to report 6.9</td>
</tr>
<tr>
<td>Standing ARIC Agenda Items</td>
<td>2.1 – 8 November 2019</td>
<td>That the Audit Risk and Improvement Committee accept the suggestion by the Internal Auditor, that the following standing items be added to the ARIC agenda: • Conflict of Interest declaration at commencement • Fraud Risk register • Enterprise Risk Management • Legislative Compliance update • WHS • ICT risks</td>
<td>A standing items list has been added to the ARIC agenda moving forward. Please refer to this agenda. At the 7 February 2020 meeting, ARIC confirmed that the Fraud register is a Fraud incident register These items are found in the standing items section of this agenda.</td>
</tr>
<tr>
<td>SUBJECT</td>
<td>REPORT &amp; DATE</td>
<td>NO.</td>
<td>RESOLUTION</td>
</tr>
<tr>
<td>---------------------------------------</td>
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</tr>
<tr>
<td>Contractor Management Review</td>
<td>2.7 – November 2019</td>
<td>8</td>
<td>That the Audit, Risk and Improvement Committee receive the Internal Auditors report on Contractor Management. The Crowe report reference item F4 'Insurance Certificates of Currency are not obtained once the original has expired' five contracts out of 15 where the certificates of currency were not current. This is to be followed up and reported back to the committee at the next meeting.</td>
</tr>
<tr>
<td></td>
<td>6.2 – February 2020</td>
<td>2</td>
<td>That the Audit, Risk and Improvement Committee note the update on the Contractor Management Review. The Audit, Risk and Improvement Committee recommend that feedback be provided to the Events Team that certification of stall holders and event holders should be checked and recorded.</td>
</tr>
</tbody>
</table>

**Item 5:** Standing Items

5.1 ENTERPRISE RISK MANAGEMENT

COR400236, COR400243

MOTION: O’Neill/ Bentley

That the Audit Risk and Improvement Committee:

1. receive the Enterprise Risk Management Report; and
2. endorse the Enterprise Risk Management Framework; and
3. note that the Enterprise Risk Management Framework will be reviewed annually.

5.2 LEGISLATIVE COMPLIANCE UPDATE

COR400236, COR400243

MOTION: O’Neill/ Bentley

That the Audit Risk and Improvement Committee note the updated report by the Manager Governance.

5.3 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400243
MOTION: O’Neill/ Bentley
That the Audit Risk and Improvement Committee:
1. receive the WHS Report for the following months:
   a. January
   b. February
   c. March; and
2. note the updated WHS corrective actions register.

5.4 ICT RISK REGISTER
COR400236, COR400243

MOTION: Bentley/O’Neill
That the Audit Risk and Improvement Committee note the Report by the ICT Manager.

5.5 FRAUD INCIDENT REGISTER
COR400236, COR400236

MOTION: Bentley/O’Neill
That the Audit Risk and Improvement Committee note the latest fraud incidents as noted in the register

Item 6: Reports

6.1 ANNUAL REPORT BY THE COMMITTEE CHAIR
COR400236, COR400236

MOTION: O’Neill/ Bentley
That the Audit Risk and Improvement Committee receive the Annual Report by the Chair and recommend that the report be presented to the next Council meeting.

The Committee thanked the Executive Staff for their hard work and support over the first 12 months of ARIC meetings.

6.2 INTERNAL AUDIT PROGRESS UPDATE
COR400236, COR400243

MOTION: O’Neill/ Bentley
That the Audit Risk and Improvement Committee receive the Crowe Status Report.

6.3 CONTRACTOR MANAGEMENT REVIEW - UPDATE
COR400236, COR400243
2.

MOTION: Bentley/O’Neill

That the Audit, Risk and Improvement Committee note the update on the Contractor Management Review and completion of the Events certificate of Currency review.

6.4 CODE OF ACCOUNTING – TIMELY RELEASE OF CODE UPDATES

COR400236, COR400236

MOTION: O’Neill/ Bentley

That the Audit Risk and Improvement Committee:

1. request council to make representations to the Office of Local Government for an earlier issue of the Local Government Code of Accounting Practice and Financial Reporting; and

2. recommend that the Council submit the ARIC representations to Local Government NSW and seek the support of the Joint Organisation.

6.5 INTERNAL AUDIT ASSET MANAGEMENT REVIEW

COR400236, COR400236

MOTION: Bentley/O’Neill

That ARIC endorse the Internal Audit Asset Management Review and recommend the actionable items are followed up by management.

6.6 MEMBERSHIP OF CIVICRISK MUTUAL

COR400236, COR400236

MOTION: Bentley/O’Neill

That the Audit Risk and Improvement Committee:

1. receive the report by the Manager Governance on Council’s membership of Civic Risk Mutual; and

2. receive the Risk Management Due Diligence Review report when finalised by In-Consult during May 2020.

6.7 MODIFICATION OF STATUTORY REQUIREMENTS IN RESPONSE TO THE COVID-19 PANDEMIC

COR400236, COR400236

MOTION: Bentley/O’Neill
That the Audit Risk and Improvement Committee note the modification of statutory and regulatory requirements in response to the COVID-19 pandemic.

6.8 MANAGING FRAUD AND CORRUPTION RISKS DURING THE COVID-19 PANDEMIC
COR400236, COR400236; PUB600025; COR400272

MOTION: Bentley/O'Neill

That the Audit Risk and Improvement Committee:
1. note the review of the fraud and corruption resources provided by OLG, including elevated risk in controls;
2. note the interim COVID-19 procedures developed to date;
3. request Council officers continue to review risks and controls associated with the changed working environment; and
4. acknowledge the work done by Council staff in a timely and well done fashion in responding to the Covid-19 pandemic.

6.9 INTERIM MANAGEMENT LETTER FOR MID-WESTERN REGIONAL COUNCIL - REGISTER AND UPDATE ON THE ACTION ITEMS
COR400236, COR400236

MOTION: Bentley/O'Neill

That the Audit Risk and Improvement Committee note the register and the progress on audit action items.

The Committee requested that a legend be added to the register at future meetings.

6.10 FRAUD CONTROL IMPROVEMENT - SUMMARY OF ACTIONS UPDATE
COR400236, COR400236

MOTION: Bentley/O'Neill

That the Audit Risk and Improvement Committee approve deferral of the Fraud Control Improvement project, and requests a revised project timeline be brought back to the next ARIC meeting.
2.

**Item 7: General Business**

Nil

**Item 8: Correspondence**

Nil

**Item 9: Closure**

There being no further business the meeting concluded at 11:30AM.