

Item 12: Reports from Committees

12.1 Audit Risk and Improvement Committee Minutes 12 February 2021

REPORT BY THE EXECUTIVE MANAGER, PEOPLE AND PERFORMANCE
TO 21 APRIL 2021 ORDINARY MEETING
GOV400087, COR400236

RECOMMENDATION

That Council:

1. receive the report by the Executive Manager, People and Performance on the Audit Risk and Improvement Committee Minutes 12 February 2021; and
 2. endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 12 February 2021.
-

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 12 February 2021.

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 12 February 2021 meeting.

Community Plan implications

Theme	Good Governance
Goal	An effective and efficient organisation
Strategy	Prudently manage risks association with all Council activities

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, PEOPLE AND
PERFORMANCE

22 March 2021

Attachments: 1. February 2021 ARIC Minutes.

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 12 February 2021, commencing at 9:40AM and concluding at 10:38AM

PRESENT (in person) John Stuart, Chair, John Bentley, Committee Member, John O'Neill, Council Representative, Brad Cam, General Manager, Michele George, Executive Manager People and Performance, Leonie Johnson, Chief Financial Officer, Tim Johnston, Governance Coordinator, Erin Reid, (Minute Taker)

PRESENT (conference call) Luke Malone, Prosperity, Levy Mpofu, Crowe, Todd Dewey, Crowe.

Item 1: Apologies

There were no apologies

Item 2: Disclosure of Interest

There were no disclosures of interest.

Item 3: Confirmation of Minutes

MOTION: BENTLEY/STUART

That the Minutes of the previous ARIC Meeting held on 13 November 2020 be taken as read and confirmed.

Item 4: Matters in Progress

4.1 MATTERS IN PROGRESS

MOTION: O'NEILL/BENTLEY

That the items:

- **Fraud Control Improvement;**
- **Interim Management Letter;**
- **Code of Accounting – Timely Release of Code Updates**
- **Enterprise Risk Management Report; and**
- **Update on MWRC Internal Audit Items**

be noted as completed and removed from matters in progress.

Audit, Risk and Improvement Committee

SUBJECT	REPORT NO. & DATE	RESOLUTION	ACTION
Fraud Control Improvement	2.2 - 16 August 2019	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.	<p>At the meeting of 15 May 2020 ARIC approved the deferral of the Fraud Control Improvement project, and requests a revised project timeline be brought back to the next ARIC meeting.</p> <p>Please refer to report 5.2</p> <p>RECOMMENDED FOR COMPLETION</p>
Interim Management Letter	2.3 – 16 August 2019	<p>That ARIC:</p> <ol style="list-style-type: none"> 1.receive the Interim Management Letter; 2.note the auditor recommendations and management responses; 3.request that a register to manage action items by their due dates be developed; 4.recommends progress on action items be reported back to ARIC every three months. 	<p>At the meeting on 15 May 2020 ARIC requested a legend be added to the register at future meetings.</p> <p>Please refer to report 5.2</p> <p>RECOMMENDED FOR COMPLETION</p>
Code of Accounting – Timely Release of Code Updates	6.4 – 15 May 2020	<p>That the Audit Risk and Improvement Committee:</p> <ol style="list-style-type: none"> 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. 	<p>RECOMMENDED FOR COMPLETION</p>
Enterprise Risk Management Report	5.1 – 15 May 2020	<p>That the Audit Risk and Improvement Committee:</p> <ol style="list-style-type: none"> 3. note that the Enterprise Risk Management Framework will be reviewed annually. 	<p>Due for review at the 6 August 2021 ARIC meeting</p> <p>Please refer to report 5.5</p> <p>RECOMMENDED FOR COMPLETION</p>

SUBJECT	REPORT NO. & DATE	RESOLUTION	ACTION
Update on MWRC Internal Audit Items	6.1 - 21 August 2020	That the Audit Risk and Improvement Committee: a. endorse the proposal to have one consolidated report containing all audit actionable items; and b. add this consolidated report to the ARIC standing items.	The ARIC facilitator continues to work on consolidating the audit actionable items and will be complete for the 12 February 2021 ARIC meeting Please refer to report 5.2 RECOMMENDED FOR COMPLETION

Item 5: Standing Items

5.1 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400243

MOTION: O'NEILL/BENTLEY

That the Audit Risk and Improvement Committee receive the WHS Report for the following months:

- a. October
- b. November; and
- c. December.

The committee requested the State Cover Report be presented at the next meeting.

The Committee moved item 6.4 forward in the agenda.

6.4 DRAFT 2021 EXTERNAL AUDIT ENGAGEMENT

COR400236, COR400243

MOTION: STUART/ O'NEILL

That the Audit Risk and Improvement Committee:

- a) endorse the draft 2020 External Audit Engagement Plan; and
- b) endorse the proposed ARIC meeting dates in line with the Audit Engagement Plan as follows:
 - Draft Financial Statements to be circulated to ARIC prior to the Council meeting of August 2021.
 - Financial Statements to be circulated to ARIC prior to the Council Meeting of October 2021.

Luke Malone left the meeting at 10:01AM

5.2 UPDATE ON MWRC AUDIT ACTION ITEMS

COR400236, COR400236

MOTION: STUART/ O'NEILL

That the Audit Risk and Improvement Committee note the progress on the Internal Audit Action Items and that all completed action items would be removed from the list.

The committee requested that the body of the report address the major items examined in each quarter.

5.3 LEGISLATIVE COMPLIANCE UPDATE

COR400236, COR400243

MOTION: BENTLEY/ O'NEILL

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

The committee provided direction that Council should focus on the highest risk areas and ensure that Legislative Compliance Registers are in place in order to capture breaches.

5.4 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS

COR400236, COR400236

MOTION: BENTLEY/ O'NEILL

That the Audit Risk and Improvement Committee:

1. note that there were no fraud incidents since the last ARIC meeting; and
2. note the incident in the Procurement Breach Register, and the action taken to address the item.

5.5 ENTERPRISE RISK MANAGEMENT - RISK REGISTERS

COR400236, COR400243

MOTION: BENTLEY/ O'NEILL

That the Audit Risk and Improvement Committee note the update on Council's Enterprise Risk Registers.

Item 6:

Reports

6.1 EXPENDITURE OF COUNCIL FUNDS AND DISCLOSURE OF EXTERNAL CASH RESTRICTIONS IN THE ANNUAL FINANCIAL STATEMENTS

COR400236, COR400243

MOTION: BENTLEY/ O'NEILL

That the Audit Risk and Improvement Committee:

- 1. note the report in relation to Expenditure of Council funds and Disclosure of External Restrictions in the Annual Financial Statements in particular the failures of Central Coast Council to properly account for externally restricted cash;**
- 2. note that Midwestern Regional Council has been correctly disclosing externally restricted cash and that these funds have been used exclusively for the purpose they were raised in accordance with the Local Government Act; and**
- 3. request that the attachment of the report be distributed to all Councillors.**

6.2 INTERNAL AUDIT PROGRESS UPDATE

COR400236, COR400243

MOTION: BENTLEY/ O'NEILL

That the Audit Risk and Improvement Committee receive the Crowe Status Report.

6.3 BUSINESS CONTINUITY PLAN REVIEW AND ONSITE SCENARIO TEST

COR400236, RIS900009

MOTION: BENTLEY/ O'NEILL

That Council Audit Risk & Improvement Committee note the report

Item 7: General Business

Nil

Item 8: Correspondence

Nil

Item 9: Closure

There being no further business the meeting concluded at 10:38AM.