

Item 12: Reports from Committees

12.1 Audit Risk and Improvement Committee Minutes 20 May 2022

REPORT BY THE EXECUTIVE MANAGER, PEOPLE AND PERFORMANCE
TO 15 JUNE 2022 ORDINARY MEETING
GOV400087, COR400236, GOV400098

RECOMMENDATION

That Council:

1. **receive the report by the Executive Manager, People and Performance on the Audit Risk and Improvement Committee Minutes 20 May 2022 ; and**
 2. **endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 20 May 2022.**
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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 20 May 2022.

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 20 May 2022 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
Internal Audit Policy

Legislation

Local Government Act 1993

Financial implications

Not applicable

Associated Risks

Nil

MICHELE GEORGE
EXECUTIVE MANAGER, PEOPLE AND
PERFORMANCE

30 May 2022

Attachments: 1. ARIC Meeting Minutes - 20 May 2022.

APPROVED FOR SUBMISSION:

SIMON JONES
ACTING GENERAL MANAGER

Minutes of the Audit, Risk and Improvement Committee

Held at the Council Chambers, 86 Market Street, Mudgee
on 20 May 2022, commencing at 9:34AM and concluding at 11:12AM

COMMITTEE MEMBERS PRESENT ARIC Chair (J Stuart), Committee Member (K Dicker), Independent Member (J Bentley).

COUNCIL OFFICIALS PRESENT General Manager (Brad Cam), Executive Manager People and Performance (Michele George), Director Community (Simon Jones), Director Operations (Julian Geddes), Director Development (Alina Azar), Acting Chief Financial Officer (Neil Bungate), WHS and Risk Coordinator (Veronika Barry), Business Improvement Officer (Erin Reid) and Executive Assistant, People and Performance (Samantha Kost).

EXTERNAL PARTIES PRESENT Prosperity (Luke Malone), Crowe (Alison Lee), (NSW Audit Office) Unaib Jeffrey.

Item 1: Apologies

There were no apologies

Item 2: Disclosure of Interest

There were no disclosures of interest

Item 3: Confirmation of Minutes

17/22 MOTION: Stuart / Bentley

That the Minutes of the previous ARIC Meeting held on 25 February 2022 be taken as read and confirmed.

The motion was carried with the Committee Members voting unanimously.

Item 4: Matters in Progress

Item 5: Matters in Progress

18/22 MOTION: Bentley / Stuart

The Matters in Progress for the Legislative Compliance Report and Enterprise Risk Management report were noted as complete.

The motion was carried with the Committee Members voting unanimously.

ARIC COMMITTEE

SUBJECT	MEETING DATE	RESOLUTION	ACTION
Legislative Compliance	26/11/2021	<p><u>10/21</u> MOTION: BENTLEY/STUART</p> <p>The Audit, Risk and Improvement Committee:</p> <ol style="list-style-type: none"> 1. noted the Legislative Compliance report; and 2. considered a revised legislative compliance framework road map to be presented at the 25th February 2022 meeting. <p>The Governance Coordinator presented a demonstration of the Legislative Compliance Database.</p> <p><i>The motion was carried with the Committee Members voting unanimously.</i></p>	<p>13 Jan 2022 Richard Cushway, Manager Customer Service and Governance will provide a revised legislative compliance framework road map to the 25 February 2022 ARIC Meeting.</p> <p>10 May 2022 A legislative Compliance report and framework road map was provided to the ARIC Committee meeting on 25 February 2022.</p> <p>There is no update on Legislative Compliance for this meeting.</p> <p>Recommended for Completion</p>
Enterprise Risk Management	15/05/2020	<p>MOTION: O'Neill/ Bentley</p> <p>That the Audit Risk and Improvement Committee:</p> <ol style="list-style-type: none"> 1. receive the Enterprise Risk Management Report; and 2. endorse the Enterprise Risk Management Framework; and 	<p>11 Jan 2022 It was noted at the 06 August 2021 ARIC meeting that the review was due to be reported to ARIC at the August 2021 meeting however with the Local Government elections being held on 4 September 2021, the review will be delayed to ensure it is in keeping with any potential changes in direction that could be a consequence of newly</p>

		<p>3. note that the Enterprise Risk Management Framework will be reviewed annually.</p>	<p>elected members. Refer to report 6.1 of Meeting 26 November 2021.</p> <p>13 Jan 2022 It was noted at the 26 November 2021 ARIC meeting that the Risk Officer has commenced Maternity Leave and this has now delayed the ability to update the register in Pulse and set review deadlines as per our Risk Management Procedure. An update will be provided to the 25 February 2022 meeting.</p> <p>10 May 2022 The Risk Officer (Maternity Leave cover) on commenced on 31 January 2022. A review of the ERM Framework has commenced. An update on the progress of the Risk Register will be provided at the May ARIC meeting.</p> <p>Refer to report 6.1 of this agenda.</p> <p>Recommended for completion.</p>
Draft 2021/22 External Audit Engagement	25/02/2022	<p>05/22 MOTION: Bentley / Stuart</p> <p>That the Audit Risk and Improvement Committee:</p> <p>a) endorse the draft 2021/22 External Audit Engagement Plan; and b) schedule an ARIC meeting between 7 October and 19 October 2022 in accordance with the draft 2021/22 External Audit Engagement Plan.</p>	<p>22 Mar 2022 Erin Reid in consultation with Neil Bungate, will prepare a report for the May ARIC Meeting will set the Schedule of Meetings for the next 12 months. A suitable date will be selected for an October 2022 ARIC meeting for the committee to deal with the 2021/2022 Financial Statements as per the draft 2021/22 External Audit Engagement Plan.</p> <p>Refer to report 5.7 and report 8.1 of this agenda.</p>
ARIC Annual Workplan and Four Year Strategic Plan and update on the Draft	25/02/2022	<p>15/22 MOTION: Bentley / Stuart</p> <p>That the Audit, Risk and Improvement Committee:</p>	<p>22 Mar 2022 22/3/2022 Erin Reid - the Risk Management and Internal Audit Guidelines due to be adopted into legislation in June 2022. ARIC work plans to be created in the 22/23 financial year.</p>

Risk Management and Internal Audit for Local Councils Guidelines.		<ol style="list-style-type: none">1. note the report on the ARIC Annual Work plan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines; and2. determined to wait for the commencement of the guidelines and develop the annual work plan and four year strategic plan in the 22/23 financial year.	
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Item 6: Audit

6.7 INTERIM MANAGEMENT LETTER FOR MID-WESTERN REGIONAL COUNCIL FOR YEAR ENDING 30 JUNE 2022
COR400236, COR300347

19/22 **MOTION: Bentley / Dicker**

That the Audit Risk and Improvement Committee:

1. receive the 2021/22 Financial Statements Interim Management Letter; and
2. note the auditor recommendations and management responses.

The motion was carried with the Committee Members voting unanimously.

6.4 UPDATE ON EXTERNAL AUDIT ACTION ITEMS
COR400236, COR400236

20/22 **MOTION: Bentley / Dicker**

That the Audit, Risk and Improvement Committee note the progress on the external action items.

The motion was carried with the Committee Members voting unanimously.

6.6 BUILDING REGULATION: COMBUSTIBLE EXTERNAL
CLADDING - NSW AUDIT OFFICE REPORT
COR400236, COR400236

21/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note the Council actions taken regarding the Building Regulation: Combustible Cladding – NSW Audit Report.

The motion was carried with the Committee Members voting unanimously.

6.1 INTERNAL AUDIT PROGRAM STATUS REPORT
COR400236, COR400243

22/22 MOTION: Dicker / Bentley

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

The motion was carried with the Committee Members voting unanimously.

6.2 INTERNAL DEVELOPMENT APPLICATION PROCESS
INTERNAL AUDIT
COR400236, COR400236

23/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee receive the report on Council's Internal Development Application Process and note the completed actions.

The motion was carried with the Committee Members voting unanimously.

6.3 UPDATE ON INTERNAL AUDIT ACTION ITEMS
COR400236, COR400236

24/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee note the progress on the internal action items.

The motion was carried with the Committee Members voting unanimously.

Item - 6.4 Update on External Audit Action Items - has been moved to another part of the document.

6.5 LOCAL GOVERNMENT BUSINESS AND SERVICE
CONTINUITY FOR NATURAL DISASTERS - NSW AUDIT
OFFICE REPORT

COR400236, COR00236

25/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee receive the Local Government Business and Service Continuity for Natural Disasters - NSW Audit Office Report

The motion was carried with the Committee Members voting unanimously.

Item - 6.6 Building Regulation: Combustible External Cladding - NSW Audit Office Report - has been moved to another part of the document.

Item - 6.7 Interim Management Letter for Mid-Western Regional Council for year ending 30 June 2022 - has been moved to another part of the document.

Item 7: Risk

7.1 ENTERPRISE RISK MANAGEMENT UPDATE

COR400236, COR400236

26/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note the Enterprise Risk Management update.

The motion was carried with the Committee Members voting unanimously.

7.2 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400236

27/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note the WHS Reports for:

- February 2022;
- March 2022; and
- April 2022.

The motion was carried with the Committee Members voting unanimously.

7.3 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS

COR400236, COR400236

28/22 MOTION: Bentley / Dicker

That the Audit Risk and Improvement Committee note:

1. that there were no fraud incidents since the last ARIC meeting;
2. that there is one incident of Procurement Breach since the last ARIC meeting; and
3. the actions taken to address the items.

The motion was carried with the Committee Members voting unanimously.

Item 8: Improvement

- 8.1 UPDATE ON BUSINESS IMPROVEMENT AT COUNCIL
COR400236, COR400236

29/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note the progress on the Business Improvement Program.

The motion was carried with the Committee Members voting unanimously.

- 8.2 COUNCIL SERVICE DELIVERY BENCHMARKING REPORT -
2019/20 DATA COMPARATIVES
COR400236, COR400236

30/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee:

1. receive the report by the Chief Financial Officer on the Council Service Delivery Benchmarking Report - 2019/20 Data Comparatives; and
2. note the comparative analysis provided in the OLG Mid-Western Regional Council Report.

The motion was carried with the Committee Members voting unanimously.

- 8.3 DELIVERY PROGRAM 2017/22 SIX MONTHLY PROGRESS
REPORT
COR400236, cor400236

31/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee receive the report on the Delivery Program 2017/22 Six Monthly Progress Report

The motion was carried with the Committee Members voting unanimously.

- 8.4 UPDATE ON BUSINESS IMPROVEMENT ACTION ITEMS
COR400236, COR400236

32/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note the progress on the Business Improvement action items for:

- **Fraud Control Improvement;**
- **Probity; and**
- **Bushfire Lessons Learnt**

The motion was carried with the Committee Members voting unanimously.

Item 9: General Business

9.1 NEXT MEETING DATES AND AUDIT PLAN 2022/23
COR400236, COR400236

33/22 MOTION: Bentley / Dicker

That Audit Risk and Improvement Committee:

1. **endorse the forward 12 month meeting plan, including meeting dates as follows:**
 - **12 August 2022**
 - **14 October 2022**
 - **10 February 2023**
 - **26 May 2023**
2. **note the internal audit plan for 22/23 as endorsed on 14 May 2021**

The motion was carried with the Committee Members voting unanimously.

9.2 CENTRAL COAST COUNCIL PUBLIC INQUIRY REPORT
COR400236, COR400236

34/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee note the Central Coast Council Public Inquiry Report.

The motion was carried with the Committee Members voting unanimously.

9.3 BUSINESS WITHOUT NOTICE – INTERNAL AUDIT RFQ
COR400236, COR400236

35/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee note the staff recommendation for the Internal Audit RFQ.

The motion was carried with the Committee Members voting unanimously.

Item 10: Closure

There being no further business the meeting concluded at 11.12am.