

Item 12: Reports from Committees

12.1 Audit Risk and Improvement Committee Minutes - 12 August 2022

REPORT BY THE EXECUTIVE MANAGER, PEOPLE AND PERFORMANCE
TO 21 SEPTEMBER 2022 ORDINARY MEETING
GOV400098, COR400236

RECOMMENDATION

That Council:

1. **receive the report by the Executive Manager, People and Performance on the Audit Risk and Improvement Committee Minutes - 12 August 2022;**
 2. **note the support provided by the Committee for additional staff resources required by the ICT team to appropriately address cyber risks as found by the cyber risk audit; and**
 3. **endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 12 August 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 12 August 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 12 August 2022 meeting.

Community Plan implications

Theme	Good Government
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

19 August 2022

Attachments: 1. ARIC - Confirmed Minutes - 12 August 2022.

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 August 2022, commencing at 9:32am and concluding at 10:28am.

COMMITTEE MEMBERS PRESENT	Committee Member (Katie Dicker), Independent Member (John Bentley).
COUNCIL OFFICIALS PRESENT	General Manager (Brad Cam), Executive Manager People and Performance (Michele George), Director Community (Simon Jones), Director Development (Alina Azar), Acting Chief Financial Officer (Neil Bungate), Manager ICT (Ian Blake) and Business Improvement Officer (Erin Reid).
EXTERNAL PARTIES PRESENT	Prosperity (Luke Malone), Crowe (Alison Lee), (NSW Audit Office) Unaib Jeffrey.

Item 1: Apologies

Apologies were received for the absence of John Stuart, Julian Geddes and Veronika Barry.

36/22 **MOTION: Dicker / Bentley**

That the apologies for the absence of John Stuart, Julian Geddes and Veronika Barry be received and leave of absence granted.

The motion was carried with the Committee Members voting unanimously.

Item 2: Disclosure of Interest

Nil.

Item 3: Confirmation of Minutes

37/22 **MOTION: Dicker / Bentley**

That the Minutes of the previous ARIC Meeting held on 20 May 2022 be taken as read and confirmed.

The committee requested that the 20 May 2022 ARIC Minutes be amended. The title of Alina Azar will be corrected to 'Acting Director Development' to reflect her title at that time.

The motion was carried with the Committee Members voting unanimously.

Item 4: Matters in Progress

Audit Risk and Improvement Committee

SUBJECT	MEETING DATE	RESOLUTION	ACTION
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</p> <p>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 22/3/22 Erin Reid - In consultation with Neil Bungate, 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>03 Jun 2022 On 20 May 2022, ARIC endorsed the forward 12 month meeting plan. The Financial Statements will be presented to the 14 October 2022 meeting.</p> <p>Refer to report 6.7 of this agenda.</p>
ARIC Annual Workplan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines.	25/02/2022	<p>15/22 MOTION: Bentley / Stuart</p> <p>That the Audit, Risk and Improvement Committee:</p> <p>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; and</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> <p>1/08/2022 – 29/07/2022 Erin Reid – advice provided at the Local Government Internal Auditors Network meeting from the OLG is that the Draft Guidelines will</p>

		<p>2. 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.</p>	<p>come into effect in the coming months.</p>
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Item 5: Audit

5.1 INTERNAL AUDIT PROGRAM STATUS REPORT
 COR400236, COR400243

38/22 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.

5.2 UPDATE ON INTERNAL AUDIT ACTION ITEMS
 COR400236, COR400236

39/22 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.

5.3 UPDATE ON EXTERNAL AUDIT ACTION ITEMS
 COR400236, COR400236

40/22 MOTION: Dicker / Bentley

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.

Item 6: Risk

6.1 ENTERPRISE RISK MANAGEMENT UPDATE
 COR400236, COR400236

41/22 MOTION: Dicker / Bentley

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

The Committee requested that the Mid-Western Regional Council's organisation structure be presented to ARIC once complete in TechOne.

The motion was carried with the Committee Members voting unanimously.

6.2 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400236

42/22

MOTION: Dicker / Bentley

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

- **May 2022; and**
- **June 2022**

Note error in report states February, March and April. Report administratively updated.

The motion was carried with the Committee Members voting unanimously.

6.3 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS

COR400236, COR400236

43/22

MOTION: Bentley / Dicker

That the Audit Risk and Improvement Committee note:

1. **that there were no fraud incidents since the last ARIC meeting; and**
2. **that there were no Procurement Breach incidents since the last ARIC meeting.**

The motion was carried with the Committee Members voting unanimously.

6.4 DRAFT PURCHASE CARDS POLICY, REVISED CORPORATE CARDS PROCEDURE AND THE GUIDELINES ON THE USE AND MANAGEMENT OF CREDIT CARDS

COR400236, COR400236

44/22

MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee:

1. **Note the Office of Local Government Guidelines on the use and management of credit cards**
2. **Support the draft Purchase Cards Policy attached to be presented to the Council**
3. **Note the revised Corporate Cards Procedure**

The motion was carried with the Committee Members voting unanimously.

6.5 REVISED FRAUD AND CORRUPTION CONTROL POLICY
COR400236, COR400236

45/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee support the revised Fraud and Corruption Control Policy to be presented to the Council.

The motion was carried with the Committee Members voting unanimously.

6.6 CYBER RISK AUDIT
COR400236, COR400236

46/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee:

1. receive the report on Cyber Risk Audit and note the risks and actions required; and
2. support the recommendation of management that additional staff resources are required to begin to appropriately address these cyber risks

The motion was carried with the Committee Members voting unanimously.

6.7 DRAFT FINANCIAL STATEMENTS 2021/2022
COR400236, FIN300136

47/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note the update on the Draft Financial Statements for the financial year ended 30 June 2022.

The draft statement will be distributed to the Committee when complete.

The motion was carried with the Committee Members voting unanimously.

Item 7: Improvement

7.1 UPDATE ON BUSINESS IMPROVEMENT AT MWRC
COR400236, COR400236

48/22 MOTION: Bentley / Dicker

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.

7.2 UPDATE ON BUSINESS IMPROVEMENT ACTION ITEMS
COR400236, COR400236

49/22 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.

7.3 WORKFORCE STRATEGY 2022-2026

COR400236, COR400236

50/22 MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee:

1. **receive the report by the Executive Manager, People and Performance on the Workforce Strategy 2022-2026; and**
2. **note the Workforce Strategy 2022-2026.**

The motion was carried with the Committee Members voting unanimously.

7.4 COUNCIL DOCUMENTS

COR400236, COR400236

51/22 MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee note the:

1. **MWRC Strategies and Plans - Alignment To The Community Strategic Plan document**
2. **Strategy and Plans checklist; and**
3. **Council Document Register.**

The motion was carried with the Committee Members voting unanimously.

Item 8: General Business

8.1 DRAFT GUIDELINES FOR RISK MANAGEMENT AND
INTERNAL AUDIT FOR LOCAL GOVERNMENT IN NSW

COR400236, COR400236

52/22 MOTION: Dicker / Bentley

That the Audit Risk and Improvement Committee note the OLG Circular No. 22-21 on the draft Guidelines for Risk Management and Internal Audit for Local Government in NSW.

The motion was carried with the Committee Members voting unanimously.

Item 9: Closure

There being no further business the meeting concluded at 10:28am.