

12.2 Audit Risk and Improvement Committee Minutes - 25 August 2023

REPORT BY THE DIRECTOR COMMUNITY
TO 20 SEPTEMBER 2023 ORDINARY MEETING
GOV400103, COR400236

RECOMMENDATION

That Council:

1. receive the report by the Director Community on the Audit Risk and Improvement Committee Minutes - 25 August 2023; and
2. endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 25 August 2023.

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 25 August 2023.

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 25 August 2023 meeting.

Community Plan implications

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

SIMON JONES
DIRECTOR COMMUNITY

4 September 2023

Attachments: 1. ARIC Minutes - 25 August 2023 Meeting.

APPROVED FOR SUBMISSION:

JULIAN GEDDES
ACTING GENERAL MANAGER

Minutes of the Audit, Risk and Improvement Committee

Held at the Council Chambers, 86 Market Street, Mudgee
on 25 August 2023, commencing at 9:30AM and concluding at 10:56AM.

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

COUNCIL OFFICIALS PRESENT Acting General Manager & Director Operations (Julian Geddes), Director Community (Simon Jones), Chief Financial Officer (Neil Bungate), WHS and Risk Coordinator (Veronika Barry), Business Improvement Officer (Erin Reid), Governance Coordinator (Ashleigh Marshall), Executive Assistant Corporate Services (Stephanie Nadalini).

EXTERNAL PARTIES PRESENT Director, Corporate Assurance, Prosperity (Luke Malone), Audit Leader - Financial Audit, NSW Audit Office (Cassie Malone).

Item 1: Apologies

1.1 APOLOGIES

COR400236

39/23 MOTION: Stuart / Dicker

That the apologies for:

- Director Development (Alina Azar),
- General Manager (Brad Cam),
- Amir Mousa (Crowe),
- Jason Gilbert (Crowe)

be accepted.

The motion was carried with the Committee Members voting unanimously.

Item 2: Disclosure of Interest

There were no disclosures of interest.

Item 3: Confirmation of Minutes

40/23 MOTION: Stuart / Bentley

That the Minutes of the previous ARIC Meeting held on 26 May 2023 be taken as read and confirmed.

The motion was carried with the Committee Members voting unanimously.

Item 4: Matters in Progress

SUBJECT	MEETING DATE	RESOLUTION	ACTION
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> <ol style="list-style-type: none"> note the report on the ARIC Annual Workplan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines; and 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>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>01 Aug 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 come into effect in the coming months.</p> <p>09 Feb 2023 9/02/2023 Erin Reid - The new Draft Risk Management and Internal Audit Guidelines are attached to report 8.3. The guidelines will commence with the amendment of the regulations which is due in early 2023.</p> <p>RECOMMENDED FOR COMPLETION</p>
Enterprise Risk Management Update	12/08/2022	<p>41/22 MOTION: Dicker / Bentley</p> <p>That the Audit, Risk and Improvement Committee note the Enterprise Risk Management update.</p> <p>The Committee requested that the Mid-</p>	<p>28 Sep 2022 The Organisational Hierarchy is being updated by the Finance Team for the purposes of moving TechOne to CI anywhere. This work has progressed to the test environment and once completed the committee will be</p>

		<p>Western Regional Council's organisation structure be presented to ARIC once complete in TechOne.</p>	<p>provided with an update.</p> <p>Refer to Report 8.1 for the organisational structure</p>
<p>Annual Report by the Committee Chair</p>	<p>17/02/2023</p>	<p>19/23 MOTION: Bentley / Dicker</p> <p>The Audit, Risk and Improvement Committee noted the 2021/2022 ARIC Annual Report.</p> <p>The Chair raised the issue of redacting/removing signatures from official documents. A policy and procedure will be investigated further by Council Staff.</p>	<p>28 Feb 2023 A policy and procedure will be investigated further re redacting or removing signatures from official documents.</p> <p>10 May 2023 This matter continues to be investigated by Manager Customer Services and Governance</p> <p>18 Jul 2023 Director Community advised amendments made to the Electronic Signature Procedure, in circumstances where a signature is required on an official document this would not be redacted or removed. For ARIC Annual Reports, signatures are not required.</p> <p>10 Aug 2023 Annual Report complete and checked by Chair. No requirement for Chair signature for this document.</p> <p>Refer to report 8.2. of this agenda.</p>

4.1 MATTERS IN PROGRESS

COR400236

41/23

MOTION: Stuart / Bentley

That the Audit Risk and Improvement Committee note Minute no. 15/22 as completed.

The motion was carried with the Committee Members voting unanimously.

Item 5:

Audit

5.1 INTERNAL AUDIT PROGRAM STATUS REPORT

COR400236, COR400243

42/23

MOTION: Bentley / Stuart

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 EXTERNAL AUDIT ACTION ITEMS

COR400236, COR400236

43/23

MOTION: Stuart / Bentley

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

The Chair thanked Council Staff for completing their action items. He stated that it was pleasing to see progress with minimal actions now outstanding.

The motion was carried with the Committee Members voting unanimously.

5.3 UPDATE ON INTERNAL AUDIT ACTION ITEMS

COR400236, COR400236

44/23

MOTION: Stuart / Bentley

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.

5.4 INTERIM MANAGEMENT LETTER FOR MID-WESTERN
REGIONAL COUNCIL FOR YEAR ENDING 30 JUNE 2023
COR400236, COR300347

45/23

MOTION: Dicker / Bentley

That the Audit Risk and Improvement Committee:

1. receive the 2022/23 Financial Statements Interim Management Letter;
2. note the auditor recommendations and management responses; and
3. note the reply made to the NSW Office of Local Government relating to qualified audit opinion for the 2021/22 financial statements.

The motion was carried with the Committee Members voting unanimously.

5.5 DRAFT FINANCIAL STATEMENTS 2022/2023
COR400236, FIN300138

46/23

MOTION: Dicker / Bentley

That the Audit, Risk and Improvement Committee note that:

1. the Draft Financial Statements for the financial year ended 30 June 2023 had not been finalised; and
2. the statements will be circulated next week on completion with feedback to be provided.

The motion was carried with the Committee Members voting unanimously.

Item 6:

Risk

6.1 ENTERPRISE RISK MANAGEMENT UPDATE
COR400236, COR400236

47/23

MOTION: Dicker / Stuart

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

At the next meeting, Veronika Barry, WHS and Risk Coordinator will present a visual map of the Business Continuity practices that have been adopted, and the relationship between Business Continuity and the wider Risk Management Framework.

The motion was carried with the Committee Members voting unanimously.

6.2 LEGISLATIVE COMPLIANCE BREACHES

COR400236, GOV400047

48/23 MOTION: Stuart / Dicker

That the Audit, Risk and Improvement Committee note:

1. one legislative breach has been added to the register; and
2. five legislative breaches previously reported remain open; and
3. two legislative breaches have been closed.

The motion was carried with the Committee Members voting unanimously.

6.3 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS

COR400236, COR400236

49/23 MOTION: Bentley / Dicker

That the Audit Risk and Improvement Committee note:

1. that there was no suspected fraud incidents since the last ARIC meeting; and
2. that there was no identified Procurement Breach incidents since the last ARIC meeting.

The motion was carried with the Committee Members voting unanimously.

6.4 CYBER SECURITY ASSESSMENT

COR400236, COR400236

50/23 MOTION: Dicker / Stuart

That the Audit, Risk and Improvement Committee note the outcome of the cyber security maturity assessment including the target maturity level and the current result.

The Committee commended Council on the best practice initiative in completing this work.

The motion was carried with the Committee Members voting unanimously.

6.5 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400236

51/23 MOTION: Stuart / Bentley

That the Audit, Risk and Improvement Committee note the Work Health and Safety Reports for May 2023, June 2023 and July 2023.

The motion was carried with the Committee Members voting unanimously.

Item 7: Improvement

7.1 STRATEGIC PLANNING - IP&R AND STANDARDS REVIEW
COR400236, COR400236

52/23 **MOTION: Stuart / Dicker**

That the Audit, Risk and Improvement Committee note the review of Councils' Integrated Planning and Reporting (IP&R) suite of documents against the IP&R standards.

The motion was carried with the Committee Members voting unanimously.

7.2 UPDATE ON BUSINESS IMPROVEMENT ACTION ITEMS
COR400236, COR400236

53/23 **MOTION: Bentley / Stuart**

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

- **Fraud Control Improvement;**
- **Probity;**
- **Bushfire Lessons Learnt; and**
- **CivicRisk Mutual/Nexon Cybersecurity Risk Audit**

The committee congratulated Council staff on the significant progress made completing these action items.

The motion was carried with the Committee Members voting unanimously.

7.3 2023/24 OPERATIONAL PLAN AND 2023/27 DELIVERY PROGRAM
COR400236, COR400236

54/23 **MOTION: Bentley / Dicker**

That the Audit, Risk and Improvement Committee note the 2023/24 Operational Plan and 2023/27 Delivery Program.

The Committee noted that the wrong page was in the document for depreciation of urban roads. This was noted by staff who advised that the process that caused the error will be corrected.

The motion was carried with the Committee Members voting unanimously.

7.4 UPDATE ON BUSINESS IMPROVEMENT AT COUNCIL

COR400236, COR400236

55/23

MOTION: Bentley / Dicker

That the Audit, Risk and Improvement Committee note the progress of the Business Improvement program.

The Committee noted the importance of embedding this work into 'business as usual'.

The motion was carried with the Committee Members voting unanimously.

Item 8:

General Business

8.1 COUNCIL ORGANISATIONAL STRUCTURE

COR400236, COR400236

56/23

MOTION: Stuart / Bentley

That the Audit, Risk and Improvement Committee receive the report from the Director Community on the Council organisational structure, which was resolved at the Ordinary Council Meeting on 17th May 2023 – Item 15.1 109/23.

The Committee congratulated Leonie Van Oosterum on her appointment as Director Corporate Services.

The motion was carried with the Committee Members voting unanimously.

8.2 ANNUAL REPORT BY THE COMMITTEE CHAIR

COR400236, COR400236

57/23

MOTION: Dicker / Bentley

That the Audit Risk and Improvement Committee receive the Annual Report by the Chair and recommend that the report be presented to the November Council meeting.

The Chair noted that a lot had been achieved in the last 12 months and thanked all Council staff for the work put in to achieve this.

The motion was carried with the Committee Members voting unanimously.

Item 9: Closure

There being no further business the meeting concluded at 10:56AM.

The next Audit, Risk and Improvement Committee will be held at 9:30AM on Friday, 24 November 2023 at Council Chambers, 86 Market Street, Mudgee.