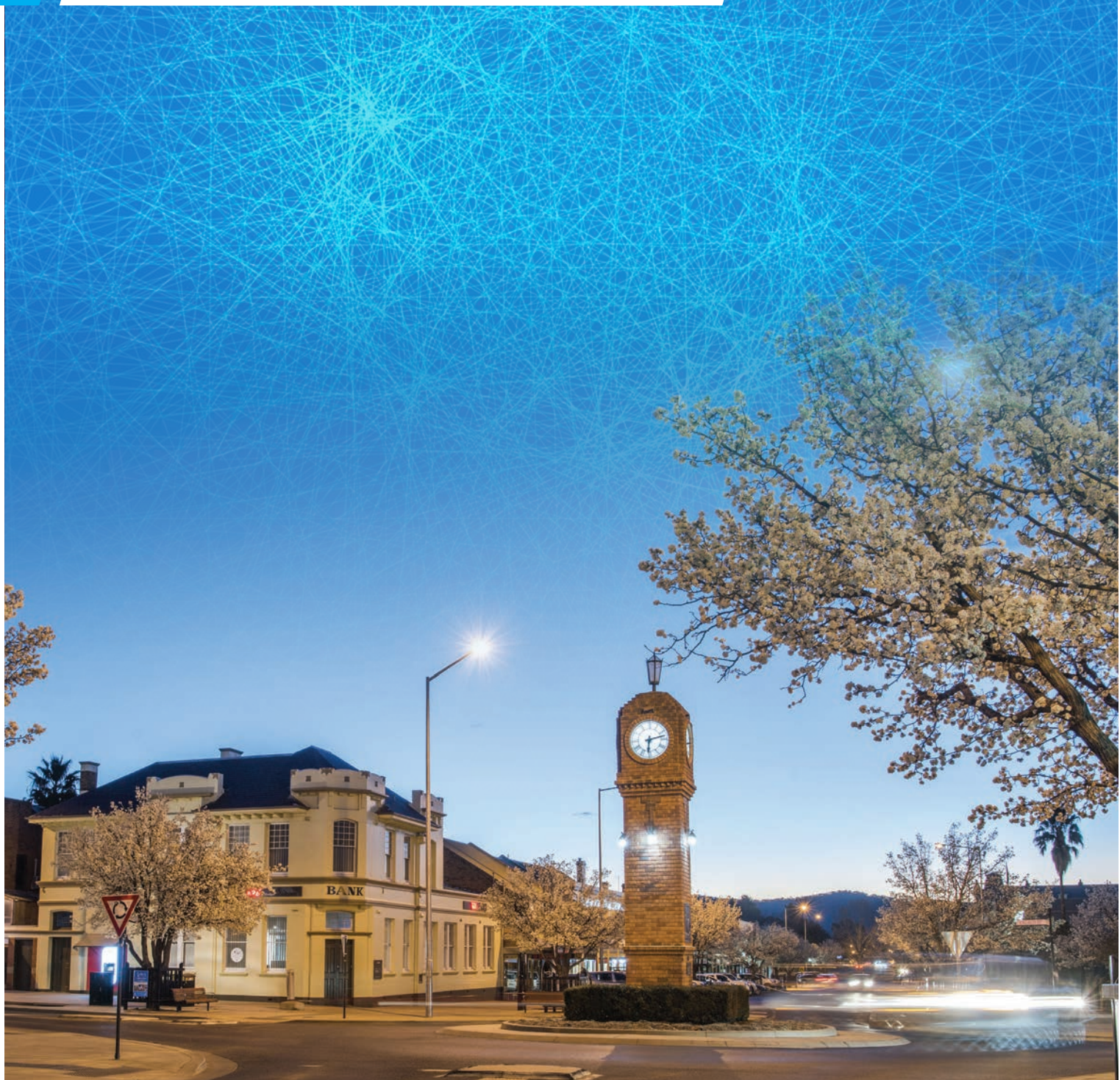


ANNUAL REPORT 2020/21

AUDIT, RISK AND IMPROVEMENT COMMITTEE

MID-WESTERN REGIONAL COUNCIL



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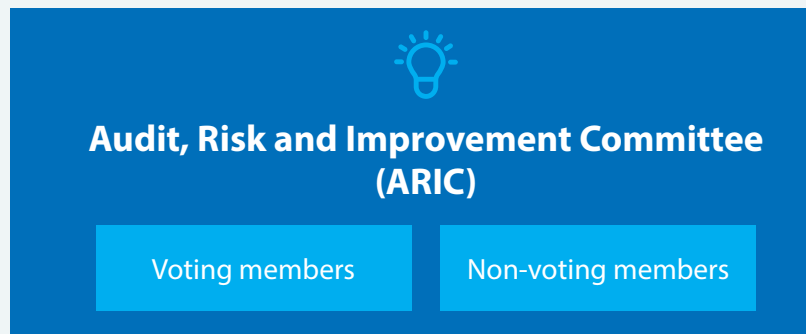
Mid-Western Regional Council

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MAYOR	Cr Des Kennedy
GENERAL MANAGER	Brad Cam

Introduction

The Audit Risk and Improvement Committee (The Committee) met five times during its second year and the meetings covered all aspects of the Committee's Charter.

Overview



Charter

The Charter was adopted by Council at its meeting of 19 September 2018. The Charter is used to guide the Committee's deliberations. The Charter for the Committee is included as Attachment 1.

The Charter will be reviewed every four years by Council. The performance on the Committee will be reviewed every four years in consultation with the Mayor and General Manager to ensure it remains current, professional and meets legislative requirements.

Role of the Committee



Report to Council

Report to Council and provide advice and recommendations on matters relevant to the Charter.



Provide independent advice

Assist Council by providing independent advice to Council on it fulfilling its responsibilities by ensuring that management has an appropriate governance and business framework in place across Council.



Specific advice

Specifically, the ARIC should advise Council on its Enterprise Risk Management Framework, policies, procedures and governance processes, legislative compliance and external accountability mechanisms.



Recognise

At all times recognise that the primary responsibility for the management of Council rests with the Council and the General Manager as defined by the Local Government Act.



Assist Council

Assist Council to ensure that the services and facilities provided by the Council are managed efficiently and effectively.



Identify strategies

Identify strategies to assist with the continuous improvement of the provision of services and facilities to the community.



Promote efficiencies

Promote continuous improvement across business processes with a focus on efficiencies and savings.



Committee's focus

The focus of the Committee should only be on matters of significance and materiality.



Committee members

The Committee Members are appointed for the term of the Council (noting that the September 2020 local government elections were postponed as a result of the impacts of the COVID-19 pandemic).

At its meeting of 16 September 2020, Council confirmed the appointment of Councillor O'Neill and Councillor Shelley (alternate) until the next local government election of 4 September 2021.

The Committee Members for the 2020/2021 Financial Year comprised the following Independent Committee Members and Councillor Members.

- **Independent Committee Members:**

John Stuart, Chairperson and John Bentley, Deputy Chair

- **Councillor Committee Members:**

Councillor John O'Neill, Committee Member and Councillor Shelley, alternate Committee Member

At its first meeting following the 2021 local government election, the Council will appoint the ARIC Councillor Committee Members.

Two independent members are appointed by Council. Independent members will be eligible for re-appointment.

Independent Committee Members



Councillors



Members and attendance

The Committee held five ordinary meetings during its second term. Below are the dates of meetings held:

- 15 May 2020
- 21 August 2030
- 13 November 2020
- 12 February 2021
- 14 May 2021

The table below shows the number of attendance of the Committee members at the above meetings.

MEMBER NAME	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED	APOLOGY RECEIVED
John Stuart	5	5	0
John Bentley	5	4	1
Cr John O'Neill	5	3	2
Cr Peter Shelley	2	0	2

Matters reviewed by the Committee

Internal Audit

Crowe Pty Ltd is appointed to provide the Mid-Western Regional Council's Internal Audit Services until April 2022.

The Committee considered the reports and recommendations from the 2020/21 Internal Audit Program.

There has been significant progress made in relation to the management actions arising from the following audits:

- Legislative Compliance
- Work Health Safety Management
- Contractor Management
- Asset Management
- ICT Business Continuity Plan/Disaster Recovery Plan
- Procurement Framework
- Cybersecurity Review

External Audit

The financial audit was undertaken by the Audit Office of NSW. Regular updates of progress and issues were provided at each ARIC meeting. The Committee received the Financial Statements for the financial year ended 30 June 2020 at the 13 November 2020 meeting.

As per the requirement of the Charter, ARIC met separately with representatives of Council's external auditor and the NSW Audit office on 18 November 2020.

Council is continuing to track action items from the 2018/2019 and 2019/2020 Interim Management Letters.

Other matters reviewed by the committee

- ICT Risk Register
- Code of Accounting – Timely Release of Code Updates
- Fraud Control Improvement
- Fraud and Procurement Incident Registers
- ICAC report – *'Dealing with Corruption, Fraud and the ICAC: The Role of the Audit Risk Committees'*
- Membership of *CivicRisk Mutual*
- Managing fraud and corruption risks during the COVID-19 pandemic
- Modification of statutory requirements in response to the COVID-19 pandemic
- Expenditure of Council funds and Disclosure of External Cash restrictions in the Annual Financial Statements
- Business Continuity Plan Review and Onsite Scenario Test
- Probity

Enterprise Risk Management

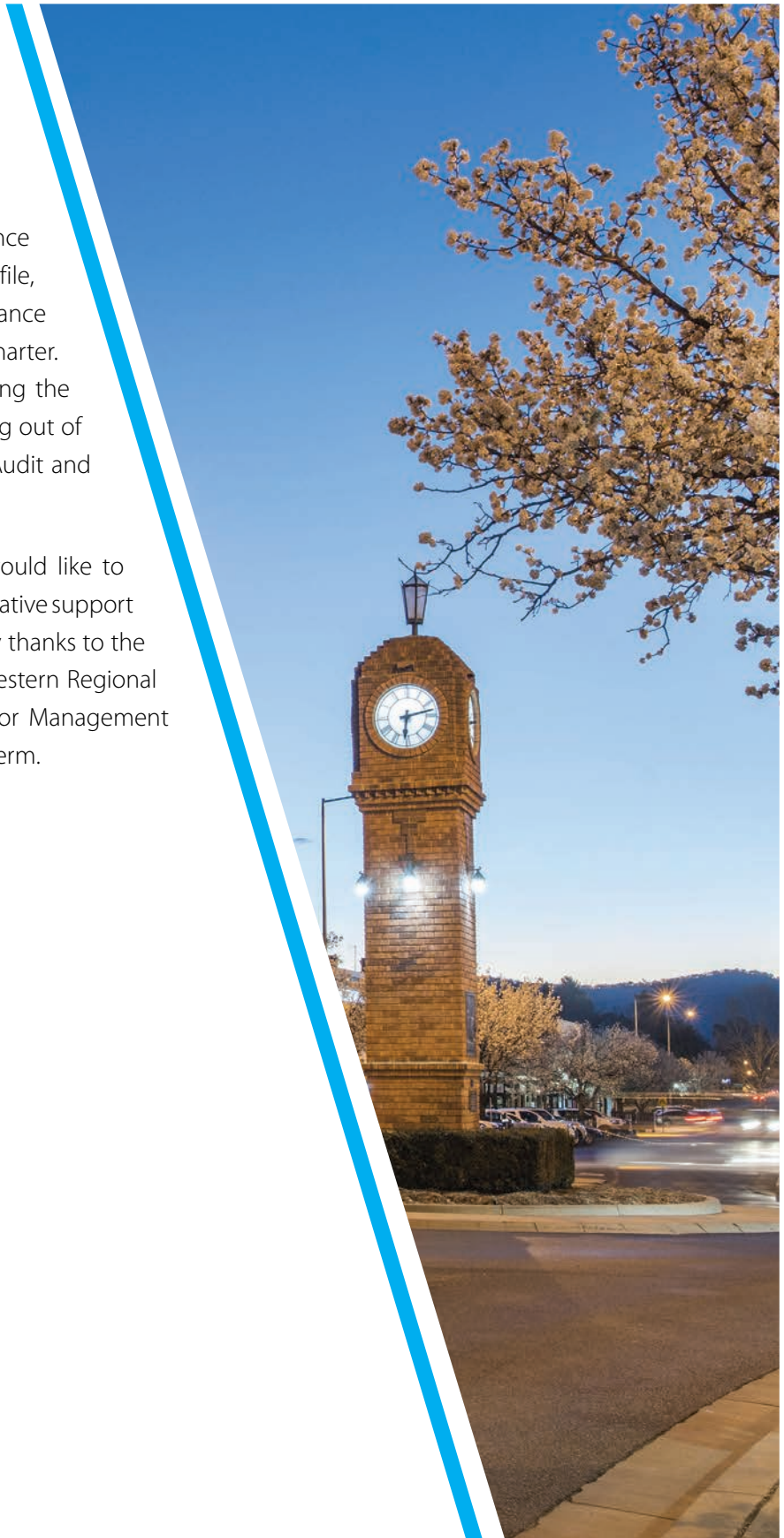
In 2020 Council endorsed the Enterprise Risk Management Framework, which is now in place and being implemented.

Conclusion

The ARIC provided advisory assurance in respect to Council's risk profile, management controls and compliance frameworks in as set out in the Charter. The Committee is currently tracking the progress of 163 action items arising out of Council's Internal Audit, External Audit and Business Improvement Initiatives.

On behalf of the Committee, I would like to thank the Council staff for administrative support and I would also like to extend my thanks to the Councillors, the rest of the Mid-Western Regional Council Executive Team and Senior Management for their support throughout this term.

JOHN STUART
CHAIR



Attachment: ARIC Charter

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