

12.3 Audit Risk and Improvement Committee Meeting 8 November 2019

REPORT BY THE EXECUTIVE MANAGER, HUMAN RESOURCES
TO 11 DECEMBER 2019 ORDINARY MEETING
GOV400067, COR400236

RECOMMENDATION

That Council:

1. receive the report by the Executive Manager, Human Resources on the Audit Risk and Improvement Committee Meeting 8 November 2019; and
2. note the minutes for the Audit Risk and Improvement Committee meeting 8 November 2019.

Executive summary

This report is to advise Council of the matters given consideration at the third meeting of the Audit Risk and Improvement Committee held on 8 November 2019.

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 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, HUMAN RESOURCES

22 November 2019

Attachments: 1. ARIC Minutes 8 November 2019 Meeting.

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER

Mid-Western Regional Council

Date: 08 November 2019

Minutes of the Notice of Meeting

Held at the Committee Room, 86 Market Street, Mudgee
on 08 November 2019.

Present	Simon Jones, A/General Manager (MWRC), Kristie Ward, A/Chief Financial Officer (MWRC), Michele George, Executive Manager Human Resources (MWRC), Sujeewa Ranawake, Financial Accountant (MWRC) Councillor John O'Neill (ARIC), John Bentley (ARIC), John Stuart (ARIC).
Apologies	Brad Cam, General Manager, Leonie Johnson, Chief Financial Officer, Tim Johnston, Manager Governance (MWRC).
Visitors/Presenters	Todd Dewey, Crowe (Internal Auditor) and Cathy Wu, NSW Audit Office (Via tele-link)
Minute Taker	Erin Reid

The ARIC meeting commenced at 8.58am.

MINUTES OF PREVIOUS MEETING

MOTION: Bentley/O'Neill

That the Minutes of the previous Audit Risk and Improvement Committee Meeting held on 16 August 2019 be taken as read and confirmed.

The motion was carried with the committee voting unanimously

Item 1: 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 note the completed Fraud Control Improvement Checklist and that the Audit, Risk and Improvement Committee be updated on the Fraud Control Improvement every three months.	Update to be provided at the 8 November 2019 ARIC Meeting. Please refer to item 2.3 of this agenda.
Interim Management Letter	2.3 – 16 August 2019	That Audit Risk and Improvement Committee: 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.recommend progress on action items be reported back to ARIC every three months.	progress on action items be reported at the 8 November 2019 ARIC Meeting. Please refer to item 2.4 of this agenda.

Item 2: Reports

2.1 ARIC AGENDA ITEMS

COR400236, COR400243

MOTION: Bentley/O'Neill

That the Audit Risk and Improvement Committee accept the suggestion by the Internal Auditor, that the following standing items be added to the ARIC agenda:

- **Conflict of Interest declaration at commencement**
- **Fraud Risk register**
- **Council risk management**
- **Legislative Compliance update**
- **WHS**
- **IT risks**

The Motion was carried with the Committee voting unanimously.

2.2 OLG ARIC FRAMEWORK DISCUSSION PAPER

COR400236, COR400236

MOTION: Bentley/O'Neill

That the Audit Risk and Improvement Committee recommend that

Council provide a submission to the Office of Local Government's discussion paper 'A New Risk Management and Internal Audit Framework for Local Councils in NSW'. The Audit Risk and Improvement Committee recommend that a submission be made in conjunction with the Orana Joint Organisation by 31 December 2019.

The Motion was carried with the Committee voting unanimously.

2.3 FRAUD CONTROL IMPROVEMENT - UPDATED CHECKLIST
AND REGISTER

COR400236, FIN300162, COR400236,

MOTION: Bentley/O'Neill

That the Audit, Risk and Improvement Committee note the updated register entitled 'Fraud Control - Summary of Actions'.

The Motion was carried with the Committee voting unanimously.

2.4 INTERIM MANAGEMENT LETTER FOR MID-WESTERN
REGIONAL COUNCIL - REGISTER AND UPDATE ON THE
ACTION ITEMS

COR400236, COR400236

MOTION: O'Neill/ Bentley

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

The Motion was carried with the Committee voting unanimously.

2.5 MID-WESTERN REGIONAL COUNCIL AUDIT - ENGAGEMENT
CLOSING REPORT 2019

COR400236, COR400236

MOTION: O'Neill/ Bentley

That the Audit Risk and Improvement Committee receive the Mid-Western Regional Council Audit - Engagement Closing Report 2019.

The Motion was carried with the Committee voting unanimously.

2.6 FINANCIAL STATEMENTS 18/19

COR400236, COR400236

MOTION: O'Neill/ Bentley

That the Audit, Risk and Improvement Committee receive the Financial Statements for the year ending 2019. The ARIC Committee congratulated the Finance Team on their work on the Financial Statements.

The Motion was carried with the Committee voting unanimously.

At 9:45am Cathy Wu left the meeting, NSW Audit Office.

Page 3 of the Minutes of the Ordinary Meeting held on 08 November 2019.

2.7 CONTRACTOR MANAGEMENT REVIEW

COR400236, COR400243

MOTION: O'Neill/ Bentley

That the Audit, Risk and Improvement Committee receive the Internal Auditors report on Contractor Management. The Crowe report reference item F4 'Insurance Certificates of Currency are not obtained once the original has expired' five contracts out of 15 where the certificates of currency were not current. This is to be followed up and reported back to the committee at the next meeting.

The Motion was carried with the Committee voting unanimously.

2.8 INTERNAL AUDIT - STATUS REPORT

COR400236, COR400236

MOTION: O'Neill/ Bentley

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

The Motion was carried with the Committee voting unanimously.

2.9 INTERNAL AUDIT PLAN - 3 YEAR STRATEGIC INTERNAL
AUDIT PLAN

COR400236, COR400236

MOTION: O'Neill/ Bentley

That the Audit Risk and Improvement Committee:

1. receive the Crowe update on the 2019-2020 Internal Audit Plan;
2. endorse the proposed 3 Year Strategic Internal Plan to include the following items:
 - a. Internal Audit Projects for the year 2020/21
 - i. Legislative Compliance
 - ii. Monitoring of the Delivery Program and Operational Plan
 - iii. IT DRP and BCP Review
 - iv. Conduct of Private Works
 - b. Internal Audit Projects for the year 2020/22
 - i. Project Management
 - ii. Employee Performance Management Process
 - iii. Internal Development Application Process
 - iv. Communication and Community Engagement Strategy

The Motion was carried with the Committee voting unanimously.

Item 3: General Business

Nil

Item 4: Correspondence

Nil

CLOSURE

There being no further business the meeting concluded at 10:05am.

The next ARIC meeting has been scheduled for 7 February 2020 at 9:30am.