
Audit, Risk and Improvement Committee – meeting update

Responsible Officer: Group Manager People and Performance (Helen McNeil)

Recommendation

That Council receive and note the attached minutes from the Audit, Risk and Improvement Committee meetings of 18 October 2021 and 22 November 2021.

Background

The Audit, Risk and Improvement Committee ('Committee') met on 18 October 2021 and 22 November 2021. A copy of the minutes of the meetings are attached ([Attachment 1 and 2](#)).

Key messages

1. Finance

a. Annual financial reports

An update on and copies of the reports in relation to the following matters were furnished to the Audit, Risk and Improvement Committee at its meeting on 18 October 2021 and subsequently reported to Council at its 20 October 2021 meeting:

- Annual Financial Report for year ending 30 June 2021,
- Report on the Conduct of the Audit for the year ended 30 June 2021, and
- Engagement Closing Report for year ending 30 June 2021.

b. Standard financial management reports

The Committee received and noted the information presented in the Financial Management Report – November 2021 regarding:

- Annual Financial Statements for year ending 30 June 2021 issued to the Office of Local Government,
- Audit Office of NSW Management letter on the final phase of the audit for year ended 30 June 2021,
- The quarterly budget review report furnished to Council's 20 October 2021 meeting applicable for the quarter ending 30 September 2021, and
- The investment report furnished to Council's 20 October 2021 meeting applicable for the month of 30 September 2021.

2. Governance

a. Office of Local Government 'A new risk management and internal audit framework'

An update was provided to the Committee on the Office of Local Government's ('OLG') 'New risk management and internal audit framework' ('Framework') – see [Office of Local Government 'Summary of changes to the proposed new risk management and internal audit framework in response to submissions'](#) for further information.

Several items for inclusion in Council's submission on the Framework were identified by staff and conveyed to the Committee, with members invited to provide further feedback to inform Council's final submission.

A copy of the submission prepared in consultation with the Committee and submitted to the OLG in November 2021 is provided at [Attachment 3](#).

b. Volunteer floodgate operator program

The first recommitment and safety reviews for 3 of the volunteers participating in the volunteer floodgate operator program, took place in August and October 2021. At these meetings, each person reconfirmed their commitment as a volunteer. The minutes of these meetings were compiled into the 2021 minutes of the volunteer floodgate operator program and presented to the Committee for endorsement.

c. Policy and delegation review

The Committee were advised that a priority for staff in the twelve months following the local government elections will be the review of Council's [Code of Conduct](#), [Code of Conduct Procedures](#), [Code of Meeting Practice](#), [Payment of expenses and provision of facilities for chairperson and councillors' policy](#) and the General Manager's delegation, as required under the *Local Government Act 1993 (NSW)* ('LG Act').

In accordance with clause 3.2 of its Code of Conduct Procedures (the 'Procedures'), in September 2017 Council resolved to utilise the Northern Rivers Regional Organisation of Councils (now known as the Northern Rivers Joint Organisation ('NRJO')) panel of code of conduct reviewers. This panel was established for a term of 4 years (see clause 3.9 of the Procedures), which has now expired.

An Expression of Interest ('EOI') process in conformance with Part 3 of the Procedures is now being progressed by Tweed Shire Council on behalf of the NRJO to establish a new panel of code of conduct reviewers. Once the NRJO panel is established, a resolution of Council will be sought to once again utilise this panel for the next 4 years.

It is anticipated that the EOI will be advertised at the end of January or start of February 2022 for a period of 4 weeks.

3. Audit

The schedule of internal audits undertaken at Council is determined in accordance with Council's Internal Audit Strategy and conducted by an external provider. Since 2014, Council's external audit provider has been Grant Thornton.

The Committee received an update on progress on the engagement of a new internal audit provider at its November 2021 meeting.

A Request for Quotation (RFQ) was prepared, advertised and proposals evaluated over November and December 2021 in consultation with the Committee Chairperson. Proposals were assessed on Price (60% weighting) and Non-Price (40% weighting) criteria in accordance with Council's Procurement policy.

Given the duration of its appointment (since 2014 to date), Grant Thornton was not invited to make a submission in response to Council's RFQ.

Council has in place a recurrent budget allocation for Internal Audit (increased by CPI annually) as set out in the report 'Audit, Risk and Improvement Committee – appointment of Councillor Members' to agenda item 7.1.

In December 2021, InConsult Pty Ltd were appointed as Council's new internal audit provider.

Preparation has commenced on the development of Council's next three-year Internal Audit Strategy (1 July 2022 to 30 June 2025), which will be presented to the Committee for endorsement and then remitted to the subsequent Council meeting for the approval of the governing body.

4. Service Review

a. Organisation structure and resourcing review

A further update on Council's organisation structure and resourcing review was provided to the Committee.

The initial round of consultation concluded on 18 June 2021, with the majority of the organisation structure being confirmed as of 17 August 2021.

Due to feedback received during the initial consultation period, a new proposal was put forward to the Finance, Governance and Risk teams. Following an additional consultation period with affected staff, a further revised structure was confirmed as of 18 October 2021.

All actions associated with Rous' organisation structure and resourcing review, including positional evaluations and gradings, correspondence and notification to relevant Unions, have been completed in accordance with Council's policies, procedures and in line with the requirements of the *Local Government (State) Award 2020* (the Award).

Recruitment to vacant positions is underway and will be ongoing into the first half of 2022.

Consultation

This report was prepared in consultation with the Audit, Risk and Improvement Committee Chairperson.

Conclusion

This report provides a summary of the key messages from the 18 October 2021 and 22 November 2021 Audit, Risk and Improvement Committee meetings and other associated matters.

Attachments

1. Audit, Risk and Improvement Committee meeting minutes 18 October 2021
2. Audit, Risk and Improvement Committee meeting minutes 22 November 2021
3. Submission to the OLG November 2021 'Risk Management and Internal Audit Guidelines'