
Rous County Council

Audit, Risk and Improvement Committee Minutes

Tuesday, 26 April 2022

Meeting held via 'Teams' link.

The Chair opened the meeting at 10.10am

In attendance:

Voting Committee

- Brian Wilkinson (Independent member / Chair)
- Andrew MacLeod (Independent member)
- Cr Big Rob (Council member)

Rous County Council

- Phil Rudd (General Manager)
- Helen McNeil (Group Manager People and Performance)
- Guy Bezrouchko (Group Manager Corporate and Commercial)
- Andrew Logan (Group Manager Planning and Delivery)
- Natalie Woodhead-Tiernan (Finance Manager)
- Jonathan Patino (Finance Business Partner)
- Noeline Smith (minute taker)

Other attendees

- Richard Watkinson (Thomas, Noble & Russell)
- Dane Parsons (InConsult)

1. APOLOGIES

Mitchell Morley (InConsult); Gearoid Fitzgerald (NSW Audit Office); Lauren Edwards (Governance and Risk Manager).

2. ACKNOWLEDGEMENT OF COUNTRY

Council showed its respect and acknowledged the Traditional Custodians of the Land, of all Elders, on which this meeting took place.

3. MINUTES OF PREVIOUS MEETING

Minutes of the meeting held 22 November 2021 were noted as presented. Chair noted ICT Business Plan to be referred to July 2022 meeting.

4. DISCLOSURE OF INTEREST

Nil.

5. STANDARD REPORTS

i). Financial Management report

RECOMMENDATION [1/22] (MacLeod/Rob) that the Audit, Risk and Improvement Committee receive and note the information presented in the Financial Management report – April 2022 regarding:

1. Annual Engagement Plan issued by the Audit Office of NSW for year ending 30 June 2022.
2. Revaluations of water network infrastructure.
3. The Quarterly Budget Review report furnished to Council's February 2022 meeting applicable for the quarter ending 31 December 2021.
4. The Investment report furnished to Council's February 2022 meeting applicable for the month of 31 January 2022.

ii). Proposed draft Internal Audit Plan 2022-25

RECOMMENDATION [2/22] (Wilkinson/Rob) that the Audit, Risk and Improvement Committee endorse the Internal Audit Plan 2022/25 as presented.

iii). Adjusted meeting schedule for 2022

RECOMMENDATION [3/22] (Wilkinson/MacLeod) that the Committee:

1. Note the meeting dates previously confirmed at its meeting on 18 October 2021.
2. Confirm new meeting dates for 2022 as: 26 April; 25 July; 17 October (ordinary meeting incl. financial statements) and 28 November commencing at 10.00am.

iv). Floods 2022 (*verbal update by the General Manager*)

RECOMMENDATION [4/22] (MacLeod/Rob) the General Manager's update be received and noted.

General Manager's update:

1. Rocky Creek Dam (RCD) reached Red alert. Evacuation order was in place downstream of RCD. At its peak 550kl/s 46GL in total. Dam performed as per design
2. Emigrant Creek Dam hit Amber alert.
3. Asset inspections are still underway. Several sites in the upper catchment are unsafe to attend (landslips) and areas in the lower catchment still have flood water blocking access.
4. Administration building suffered flooding to Level 2; tenants and our Water lab have been significantly impacted.
5. Investment property on Conway Street was significantly impacted with the tenant not extending their lease.

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6. Visitor Information Centre (VIC) building in Molesworth Street was significantly impacted. Items that could be saved have been. The rebuilding of this site is low on LCC priorities.
 7. South Lismore Depot all - first-floor buildings significantly impacted, flood water lapped the top step but did not enter the second-floor training room.
 8. Creek crossing at Coopers Creek - emergency repairs have commenced. 11m of the creek crossing has been compromised and not supported.
 9. Broadwater main has been significantly impacted, risk of failure. We have alternative means to feed the area, reduce supply (potential water restrictions).
 10. Lower river - several levees have been impacted (washed out), flood gates damaged / ripped off.
 11. Wyrallah Road Depot was not impacted, DR site operated as designed.
 12. Woodburn Depot received 1.5m of flood water at the site, workshop equipment has been destroyed, however electrics were okay. Workshop is operational again.
 13. All impacted buildings we are making safe, but no works are being undertaken until the master planning for Gallans Road has been finalised. This will provide the sites future needs / design requirements.
 14. Chemical supply for Nightcap Water Treatment Plant during these events continues to be a challenge. CO2 once again was very difficult to obtain. We have been in contact with our supplier regarding additional storage options, nothing is available until September 2022.
 15. The second largest CO2 supplier has exited from the market. We are working with DPIE and the Water Directorate regarding future options. Tweed Shire has been without Co2 for 2 months.
 16. A number of debriefs have been undertaken, what worked, what did not, lessons learnt etc.
 17. ICT review is very important. The system worked as designed, however we are noticing that these events are bigger and longer than historical events, and many of the assumptions in our assessments are underestimating the impact.
 18. Insurance coverage capped at \$2M, also included the Lismore Levee scheme.

Summary: Procurement non-compliance during Flood 2022 events and risk minimisation and oversight arrangements

Following the recent disaster declared flooding events requiring emergency responses, which occurred at multiple areas along the Australian eastern seaboard, and more so significantly in the Northern Rivers on 28 February 2022 and again on 30 March 2022, many of Council's "business as usual" processes and procedures were unable to be followed:

1. The first flood event resulted in loss of power and loss of corporate systems. This meant many "business as usual" arrangements were inaccessible or unusable.
2. Many businesses which Council has purchase arrangements with, (including procurement agreements and standing purchase orders), have not been able to trade.

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3. Lack of electricity in the Lismore CBD and surrounding areas has meant that EFTPOS machines and the use of corporate credit cards for miscellaneous purchases has not been able to occur.
 4. Lack of available tradespeople and services has meant that pre-approved service providers are unavailable.
 5. Staff members have been directly impacted by the flooding events. This meant a reduction in available staff and the need to re-allocate tasks to different teams / team members.
 6. Loss of / lack of access to Council worksites.
 7. Urgent need for cleaning and repairs to facilitate return to work and proper management of WHS issues including mould and other effects of flooding.

Acquisition of goods and services is governed s55 of the Local Government Act 1993 - http://classic.austlii.edu.au/au/legis/nsw/consol_act/lga1993182/s55.html

s55(3)(k) allows contracts to be entered into outside of the s55 requirements in the case of emergencies. This 'exception' has and is being utilised as a consequence of the flood events, for example:

1. Safety equipment (e.g. gas detection monitors, PPE, harnesses).
2. Building/construction demolition, remedial works.
3. Engineering/Consultancy and technical expertise to investigate and report on damages and solutions
4. Electrical isolation, temporary power sources (generators) and re-fit out works.
5. Plant/Hire equipment (generators, tools, forklifts)
6. Plumbing, gas fitting and air-conditioning works.
7. Fuel purchases for emergency generator power and fleet requirements.
8. Cleaning products and services for safe health and environment requirements of building habitation.
9. Credit card purchases from suppliers not currently set up on Rous County Council's ERP system.

In the near future we will be realigning with normal procurement practices when and where possible (dependable on resources, materials and timelines).

Particular focus and attention will be directed at credit card statements and purchase orders raised in the relevant period including purchase orders raised after a transaction or purchase has been made.

For the purposes of s55(3)(k), staff anticipate that the instances where the 'emergency' procurement exception will genuinely apply will continue to decline. However, it is important to note that the extent of disruption to supply of some specific goods and services may mean that the 'emergency' exception continues to validly apply for a minimum of 12 months. The situation will be monitored, and updates provided once the recovery phase progresses to an extent where staff can determine with a degree of certainty, which goods and services will recommence under "business as usual" arrangements, and which will need to be reconsidered. This will become clearer in the months ahead.

6. CONFIRMATION OF MINTUES

i). Audit, Risk and Improvement Committee meeting minutes 26 April 2022

RECOMMENDATION [5/22] (MacLeod/Rob) that the minutes of the Audit, Risk and Improvement Committee of 26 April 2022 be accepted as presented.

7. NEXT MEETING

Monday, 25 July 2022.

8. CLOSE OF BUSINESS

There being no further business the meeting closed at 11.49am.

Attachment 1