
Audit Risk and Improvement Committee - meeting update

Responsible Officer: Group Manager People and Performance

Recommendation

That Council receive and note the attached minutes from the Audit, Risk and Improvement Committee meetings of 17 October 2022 and 28 November 2022.

Background

The Audit, Risk and Improvement Committee ('Committee') met on 17 October 2022 and 28 November 2022. 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 17 October 2022 and subsequently reported to Council at its 19 October 2021 meeting:

- Annual Financial Report for the year ending 30 June 2022;
- Report on the Conduct of the Audit for the year ended 30 June 2022; and
- Engagement Closing Report for the year ending 30 June 2022.

b. Standard financial management reports

The Committee received and noted the information presented in the Financial Management Report – November 2022 regarding:

- Annual Financial Statements for the year ending 30 June 2022;
- Audit Office of NSW Management letter on the final phase of the audit for the year ended 30 June 2022;
- The Quarterly Budget Review report furnished to Council's 19 October 2022 meeting applicable for the quarter ending 30 September 2022; and
- The investment report furnished to Council's 19 October 2022 meeting applicable for the month of 30 September 2022.

c. TCORP Loan Agreement – Waiver

The Committee received an update on the internal review conducted and new processes established to ensure all future Council investments comply with the conditions in TCORP's loan agreement.

In September 2022 the following investments were identified as non-compliant with the terms of the TCORP loan agreement:

- A term deposit of \$500,000 was made with AMP Bank on 30/11/2021 with a maturity date of 29/11/2022, exceeding the 5% counterparty limit and 10% portfolio limit.

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- A term deposit of \$500,000 was made with Judo Bank on 30/11/2021 with a maturity date of 22/11/2022, exceeding the \$250,000 counterparty limit.

TCORP provided a waiver period to 29 November 2022 to allow Council to bring its investment portfolio back to a compliant status.

d. Debt Write-Off

The Committee received and noted the factors contributing to a proposed debt write-off of approximately \$18K which is the subject of a separate report to this meeting of council.

The debt is proposed to be written off under the *Local Government (General) Regulation 2021* due to an error in assessment of water usage as a result of a malfunctioning cyble unit.

As outlined in the separate report to council, recourse against the supplier of the cyble unit is limited due to the expiry of the supply contract and the warranty period in respect of the units.

2. Risk and compliance

a. Emergency Management Review and Risk Management Review

An overview of the two process improvement initiatives – the Emergency Management Review and the Risk Management Review – currently being undertaken were provided to the Committee.

Refer to item 1.4.3 of Council's [2022/23 Operational Plan](#) (website link provided) for further details.

b. Organisation Debrief – February / March Flood 2022

The Committee also received a summary of the findings of the organisational debrief conducted following the February/March 2022 flood events and the eight (8) improvement actions recommended. Progress against implementing these recommendations will be reported to the Committee going forward.

➤ What worked well:

- Information Communication Technology redundancy and business continuity plan to restore corporate systems and services;
- Continuation of bulk water supply service delivery;
- Seamless transition to working from home arrangements for office-based staff;
- Dedication and efforts of Council staff and Leadership Team in the response, operations and recovery efforts during the crisis.

➤ Improvement recommendations:

1. Review and update ICT business continuity plans with regard to lessons learnt from the 2022 flood events including improving system redundancy and restoration.
2. Review and update emergency response plans.
3. Review and update business continuity plans.
4. Review and update Dam Safety Emergency Plans.

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5. Develop a strategy for proactive communications across mediums to enhance control of internal and external communications.
 6. Foster improved relationships with external emergency response agencies with a view to enhancing joint operability.
 7. Review minimum chemical and material storage capacity at water treatment plants.
 8. Document the procedure for undertaking an organisational debrief following a disruptive event to enhance Council's risk management framework.

c. Evacuation and fire safety compliance

The implementation of an emergency evacuation plan, the completion of several fire safety corrective actions, and delivery of staff training to bring the new Gallans Road site up to standard with legislated Work Health Safety requirements was summarised and reported to the Committee.

3. Governance

a. Post-election compliance requirements

The Committee received a report confirming Council has met the legislative requirement to review and update the following within the first 12 months of a local government election:

- i. Policy on the payment of expenses and provision of facilities to the Chair and councillors;
- ii. Code of Meeting Practice;
- iii. Code of Conduct;
- iv. Council issued delegation to the General Manager; and
- v. Organisation structure.

b. Volunteer floodgate operator program

The Committee received an update on the operation of Council's one section 355 committee – the volunteer floodgate operator program.

Due to the impact of the February / March 2022 flood event many of the volunteers are still living in temporary accommodation and prolonged wet weather means conditions are unfavourable to actively manage floodgates.

Volunteers have indicated that they will be able to reengage with the program in the coming months, and training and recommitment visits will be prioritised. All landowners were previous volunteers, and this is an extension of their roles for which they have previously received training.

4. Audit

The Committee received a presentation from Council's Internal Audit Provider (InConsult) and a copy of the report produced following the completion of the first review within Council's 2022/25 Internal Audit Plan on IT General Controls.

Nine (9) findings and twenty-four (24) recommendations were made. The overall assessment of the current control environment was identified as an 'improvement opportunity' with an overall 'medium' residual risk rating.

The Committee also received the usual progress update in relation to the implementation of outstanding internal and external audit recommendations with the addition of the in-house recommendations made as part of the 2022 Organisation Debrief (refer to item 2(b) above).

5. Digital Transformation and Corporate Systems review

The Committee were provided with a summary of the key findings from a review of Council's corporate systems by an external consultant and the proposed next steps to address these recommendations.

A presentation similar to that provided to councillors at a recent workshop (November 2022) was provided to the Committee on the proposed Digital Transformation Strategy, including the linkage to the corporate systems review outcome.

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 17 October 2022 and 28 November 2022 Audit, Risk and Improvement Committee meetings and other associated matters.

Attachment

1. Audit, Risk and Improvement Committee meeting minutes 17 October 2022
2. Audit, Risk and Improvement Committee meeting minutes 28 November 2022