
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 16 October 2023 and 27 November 2023.

Background

The Audit, Risk and Improvement Committee ('Committee') met on 16 October 2023 and 27 November 2023. 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 16 October 2023 and subsequently reported to Council at its 18 October 2023 meeting:

- Annual Financial Report for the year ending 30 June 2023;
- Engagement Closing Report for the year ending 30 June 2023; and
- Final Management Letter – Audit for the year ending 30 June 2023.

b. Standard financial management reports

The Committee received and noted the information presented in the Financial Management Report – November 2023 regarding:

- Annual Financial Statements for the year ending 30 June 2023;
- Audit Office of NSW Management letter on the final phase of the audit for the year ended 30 June 2023;
- The Quarterly Budget Review report furnished to Council's 18 October 2023 meeting applicable for the quarter ending 30 September 2023; and
- The investment report furnished to Council's October 2023 meeting applicable for the month of 30 September 2023.

2. Risk and Compliance

A presentation was provided to the Committee on the findings of the review of Council policy and procedures on risk management and an indicative improvement activity timeline.

The improvement activities are proposed to ensure Council is in a position to comply with the requirements of the new '[Risk Management and internal audit guidelines for local government in NSW](#)' (the 'Guidelines'), issued by the Office of Local Government ('OLG'), from 1 July 2024.

An analysis of the results and key insights arising from a recent staff survey on fraud and corruption controls within Council was also presented to the Committee.

Overall, an average of 91% of survey participants agreed or strongly agreed that ethical behaviour policies and disciplinary processes were in place and responsibilities established for minimising fraud in the workplace.

However, rates of participation in the survey were significantly lower (28 out of 95 participating) compared to when the survey was run in 2020 (58 out of 95 staff participating).

To validate the results of the survey in light of the low participation rates, initial next steps will include a second, shortened random survey targeted at work teams with the lowest engagement.

3. Governance

a. Policy

The Committee received its regular snapshot of the currency and review cycle of Council's 28 adopted policies and those policies recently updated or newly adopted.

Since the previous update to the Committee, 5 policies had been approved/reapproved by Council. Currently, 14 policies are due for review based (as a general rule, some exceptions apply) on a 4 yearly review cycle.

b. Volunteer floodgate operator program

A copy of the rolling minutes of the volunteer floodgate operator program (section 355 committee) were provided to the Committee together with a note that the participants have now reengaged with the program following the catastrophic floods of 2022.

4. Safety

The Committee considered reporting performance and insights relating to health and safety matters over the period July – October 2023 including statistical reporting on frequency / type of incidents, near misses, and injuries.

During this period, an increase in reports of near misses when compared to previous months was observed and is believed to be reflective of an improvement in reporting culture. The majority of injuries/illnesses suffered during this period were categorised as strains or sprains.

5. Audit

The Committee received its regular update on staff progress implementing improvement recommendations arising from internal, external, and in-house service audits across the practice areas of ICT, safety, procurement, and emergency management.

During the period July – November 2023, 2 additional ICT related recommendations were made, within the 2023 Final Management Letter issued by the NSW Audit Office, and 1 ICT related recommendation was implemented and closed out by staff.

As at November 2023, 11 Internal Audit recommendations, 2 External Audit recommendations, and 6 In-house Audit recommendations (arising from the 2022 Floods Organisational Debrief) remain in progress.

Progress towards implementing and closing out audit recommendations is impacted by staff resourcing challenges; however a number of vacant roles have been or are currently in the process of being recruited.

6. ICT

A progress update was provided on several significant operational initiatives that were commenced or have been completed since the last update to the Committee in May 2023, including digitising hardcopy records, implementing multifactor authentication, and relocating critical communication infrastructure for improved resilience, as well as statistical reporting on ICT service desk notifications and requests.

7. Dam Safety Audit

A progress update was provided to the Committee on the corrective actions identified in the audit of Council's dams by Dam Safety NSW in March 2023. During the period since the first report to the Committee, all but one item of non-compliance remains outstanding.

Revised Committee Charter

A revised Audit, Risk and Improvement Committee Charter was presented to the Committee at its November 2023 meeting with the intention of submitting the same to Council for approval in December 2023.

Subsequently, the Office of Local Government released [circular 23-15](#) on 4 December 2023 notifying of the making of the foreshadowed amendments to the Local Government Regulation and finalisation of the new Guidelines.

Presentation to Council of the revised Committee Charter will now be deferred to the February 2024 ordinary meeting to enable a final review against the requirements of the new Guidelines and Local Government Regulation.

As the first meeting of the Committee in 2024 will occur in March, the deferral of the presentation of the Committee Charter to the February 2024 Council meeting will have no material impact on Committee operations.

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 16 October 2023 and 27 November 2023 Committee meetings. It also includes a recommendation to adopt an amended Committee Charter.

Attachment

1. Audit, Risk and Improvement Committee meeting minutes 16 October 2023
2. Audit, Risk and Improvement Committee meeting minutes 27 November 2023