



SNOWY MONARO
REGIONAL COUNCIL

Minutes

Audit Risk And Improvement Committee Meeting

17 June 2024

**AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COMMITTEE ROOM, 81 COMMISSIONER STREET, COOMA**

ON MONDAY 17 JUNE 2024

MINUTES

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Confirmed

**MINUTES OF THE AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING
HELD IN COMMITTEE ROOM, 81 COMMISSIONER STREET, COOMA**

**ON MONDAY, 17 JUNE 2024
COMMENCING AT 10:00 AM**

PRESENT:

Voting Attendees:

Michael Quirk, Independent Member (Chair) – *In Person*
Andrew Cox, Independent Member – *In Person*
Councillor Lynda Summers, Council Member – *In Person*
Shannon Buckey, Independent Member – *Via Audio-Visual Link*
Kylie McRae, Independent Member – *Via Audio-Visual Link*

Non-Voting Attendees:

David Hogan, Chief Executive Officer – *In Person*

Guests:

David Rawlings, Chief Strategy Officer – *Via Audio-Visual Link*
Simon Rennie, Acting Chief Financial Officer – *In Person*
Paul Fitzsimmons, Internal Auditor – *In Person*
Sue Prichard, Audit Office – *Via Audio-Visual Link*
Luke O’Sullivan, Coordinator of Governance – *In Person*
Lauren Wallis, Manager of Corporate Projects – *In Person*
Scott Goudie, Coordinator of ITC – *In Person*
Grace Mackay, Secretary Council and Committees (Secretariat)

1. OPENING OF THE MEETING

The Chair opened the meeting at 10:00 AM.

2. APOLOGIES

Nil.

3. DECLARATIONS OF PECUNIARY INTERESTS/CONFLICT OF INTEREST

3.1 MICHAEL QUIRK

Committee Member Quirk declared, for noting, that he is now an independent member for Wollondilly Shire Council’s Audit Risk and Improvement Committee.

3.2 KYLIE MCRAE

Committee Member McRae noted that since May 2024 she is has been chair of the Snowy Valley Council Audit Risk and Improvement Committee.

4. ADOPTION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT RISK AND IMPROVEMENT COMMITTEE MEETING 11 MARCH 2024

COMMITTEE RECOMMENDATION	ARIC27/24
That the minutes of the Audit Risk And Improvement Committee Meeting held on 11 March 2024 are confirmed as a true and accurate record of proceedings.	
Moved Mr Cox	Seconded Mr Quirk
	CARRIED

It was noted that ARIC meetings will now be recorded. This recording is only for the purpose of minute preparation and will be deleted after completion of the minutes.

5. BUSINESS ARISING

OFFICER’S RECOMMENDATION
That the Committee adopt the minutes from 25 September 2023 and 6 November 2023.

5.1 MINUTES FROM 25 SEPTEMBER 2023 AND 6 NOVEMBER 2023.

Record No: I24/323

COMMITTEE RECOMMENDATION	ARIC28/24
That the committee adopt the Minutes from 25 September 2023.	
Moved Mr Quirk	Seconded Ms McRae
	CARRIED

It was noted that the minutes from the 6 November 2023 meeting were adopted at the 05 February 2024 ARIC meeting.

CEO stated that since the last ARIC meeting, the SAP announcement was made which confirmed funding for water and waste water infrastructure and foreshore planning for Jindabyne.

5.2 ARIC RESOLUTION UPDATES

Record No: 124/349

OFFICER'S RECOMMENDATION

That the Audit, Risk and Improvement Committee note the information in the ARIC resolution updates report.

This is an information only report.

COMMITTEE RECOMMENDATION

ARIC29/24

That the Audit, Risk and Improvement Committee note the information in the ARIC resolution updates report.

Moved Mr Quirk

Seconded Ms McRae

CARRIED

It was noted that the online workshop regarding implementation of guidelines has not occurred and was discussed further in the agenda.

5.3 AUDIT RECOMMENDATIONS UPDATE

Record No: 124/347

COMMITTEE RECOMMENDATION

ARIC30/24

That the Audit, Risk and Improvement Committee receive the report as provided however, request that future reports provide a detailed report regarding days overdue, extensions and special requests.

Moved Mr Quirk

Seconded Mr Buckley

CARRIED

IT WAS STATED THAT THE REPORT CONTAINED GOOD DETAILS HOWEVER, THE CAMMS REPORT WAS NOT INCLUDED. IT WAS REQUESTED THAT AN AGEING ANALYSIS OF OUTSTANDING AND OVERDUE ACTIONS BE INCLUDED IN FUTURE REPORTS.

6. PRESENTATIONS

6.1 – Lauren Wallis, Manager of Corporate Projects – Changes to the project management framework.

A detailed description of successful project management was provided and what the organisation can do to improve processes.

This included;

- An overview of the approval stages.
- Training to staff, led by the Manager of Corporate Projects, to implement change will commence in July 2024.

A question was asked around parameters and flexibility of projects. The committee was advised that there are 2 workbooks, Major and Minor, which follow similar steps but have different checklists. The workbook used for these projects are not determined by the amount of resources utilised but by the level of risk and community impact.

Project team will hold retrospective meetings once a quarter to review ongoing and completed projects. It was requested that a report from the outcomes of these meetings be provided at Council meetings to show the progression of current/completed projects.

It was noted that the framework is integrated with the organisational risk management systems and processes.

It was requested that data reports of projects with inherent risks be provided to the ARIC.

CEO mentioned that the Corporate Projects portfolio currently sits under the Chief of Strategy however, it will fall under the Chief of Infrastructure and Projects once recruitment has been finalised.

6.2 – Scott Goudie, Coordinator of ITC – Cyber Risk Update

Crowd strike was engaged prior to June 2023. They detected stale virus attacks which have all been cleaned up. Crowd strike are actively monitoring the organisation's technology environment effectively and the ITC team are satisfied with their service and capabilities.

ITC will provide training for staff on friendly phishing. Majority of penetration occurs via emails from external counterparts. The hope is to increase awareness throughout the organisation which will eventually decrease the number of incidents.

Cyber Security NSW perform monthly checks on Council systems who have also detected breaches.

After the next quarter, a report with an update on Essential Eight, trend data from Crowd Strike and other security systems etc. will be provided to ARIC.

7.1.2 ICT CYBER SECURITY UPDATE

Record No: I24/341

OFFICER’S RECOMMENDATION

That Council note ICT Cyber Security Update.

This is an information only report.

COMMITTEE RECOMMENDATION

ARIC31/24

That the ARIC note ICT Cyber Security Update.

Moved Mr Quirk

Seconded Councillor Summers

CARRIED

6.3 – Simon Rennie, CFO – End of Year Financial Update

Finished with audit office on 21 December 2023. Met last week to develop timetable to look at management letter items. There are issues that are a few years old which was determined to be because of the high turn around in CFO recruitment. The majority will be dealt with this year and are related to policies and procedures which will be dealt with over time.

Last year our reporting was 2 months overdue, which was the case with 40% of other Councils in NSW. We are aiming to improve this but will still be applying for extra time until 30 November which is a one month improvement. With elections this year, it will give an extra month for new councillors to prepare and understand the financial situation.

Advance notice to the ARIC meeting on the 4 November for financials.

A business automation expert has been contracted and has been assisting the finance team to automate processes. He has already completed an automated process for payroll and rates.

Roads was qualified as the former Snowy River Shire register made it difficult to determine whether roads were private, crown or local. All work has been completed on determining the road status. The process identified a number of roads and a report will be taken to the executive leadership team. Condition assessment for revaluation on all roads will be determined next year.

A question was asked to Sue Prichard about their confidence in meeting their side of the process. Planning work has been completed. Ms. Prichard stated that if her team starts in early November they will be finished by the 30 November deadline, depending on the information provided by staff.

A question was asked if the current councillors will see the draft financial statements. Due to the caretaker period in August, the current councillors will not see the statements, it will be viewed by the next round of councillors.

Sue Prichard left the meeting at this point.

At 11:26 am Mr Buckley left the meeting.

7. STANDARD AGENDA ITEMS

7.1 STANDARD REPORTS

OFFICER’S RECOMMENDATION

That the Audit Risk and Improvement Committee receive and note the information in the CEO’s report.

7.1.1 CHIEF EXECUTIVE OFFICER REPORT

Record No: 124/350

COMMITTEE RECOMMENDATION

ARIC32/24

That the Audit Risk and Improvement Committee receive and note the information in the CEO’s report.

Moved Mr Quirk

Seconded Ms McRae

CARRIED

CEO provided a verbal update to the ARIC.

- From a Work Health and Safety perspective, we have started to put the building blocks in place for major reform. Currently recruiting for Safety Manager at the moment.
- Budget reform before Council on 27 June to provide significant investment in WH&S. ARIC will be updated on the outcome of that. This increase in budget will go to much needed equipment, site orders and training.
- Micheal Quirk has been extended as Chair of the ARIC.
- ELT recruitment – CFO and CPO role has now closed. Announcements will be made later this week.
- The COO roles are currently on market and we have had significant interest in both.
- Towards Excellence project has raised some concerns however, we need to keep on course with the project. It will now be led from the Executive Leadership Team with the project director assisting them instead of driving the project.
- Incidence at Jindabyne waste facility. Self-reported to the EPA who have directed Council to fix the issues.
- Driving improvements on performance and risk management from July 2024. New processes will be rolled out to the ELT. These processes will involve trend analysis and provide monthly reports.
- The budget adoption is scheduled for the extraordinary council meeting on 27 June. If the budget is adopted by councillors, it could potentially take Council off watch from OLG. If it is not adopted, an extraordinary meeting will be held every 3 days until it is adopted.
- CEO meets with OLG once a month with a meeting planned for the week after the 27 June.

7.1.3 EMERGING RISKS

Record No: I24/351

COMMITTEE RECOMMENDATION		ARIC33/24
That the committee note the emerging risks.		
Moved Mr Quirk	Seconded Mr Cox	CARRIED

CEO covered 3 of the major risks in his update that being; staff capabilities, short fall funding issue and Towards Excellence roll out.

A question was asked regarding that status of Palladin and if they were still currently on deck. The work was diverted temporarily to WHS. There is currently debate on terminology which is creating confusion and consequently needs more direction however, it is not off track.

7.1.4 KEY PROJECTS AND RISKS

Record No: I24/352

COMMITTEE RECOMMENDATION		ARIC34/24
That the committee note the risk status report on significant projects.		
Moved Mr Quirk	Seconded Mr Cox	CARRIED

A question was asked regarding the timeframe for the transformation project moving the deadline from June to September and if that was achievable. CEO stated that yes it is possible as ELT has recently had a workshop with FF4.

Another question was asked about delivery outcomes and the largest risk that is going to impact Council’s financial sustainability is the expectation of the community. What does Council have in place to deal with expectations? CEO stated that Council has been very transparent with the community about our financial capabilities. Council has done a significant amount of community engagement with the budget review including a comms piece on the AEC report. The business papers for the budget review will be released later this week.

When the draft DP/OP was prepared we were not aware of the Roads to Recovery program with an extension and a rise in funds. Option to write to Minister and ask to bring funding forward. Council is aware that more data is needed to drive change to deal with our roads long term. It was stated that the large majority of sealed roads are maintained by grant funding.

7.1.5 CORPORATE PROJECTS UPDATE

Record No: I24/342

OFFICER'S RECOMMENDATION

That Council note Corporate Projects Update.

This is an information only report.

COMMITTEE RECOMMENDATION

ARIC35/24

That the ARIC note Corporate Projects Update.

Moved Mr Quirk

Seconded Councillor Summers

CARRIED

It was noted that further data for active projects be reported to ARIC once the framework has been rolled out. This will also tie into the executive dashboard once that program has been determined.

7.1.6 DELIVERY PROGRAM PROGRESS REPORT

Record No: I24/353

COMMITTEE RECOMMENDATION

ARIC36/24

That ARIC note the delivery program progress report.

Moved Mr Quirk

Seconded Ms McRae

CARRIED

It was noted that this report was quite extensive.

At 11:53 am Mr Buckley returned to the meeting.

7.1.7 UPDATE ON FINANCIAL SUSTAINABILITY REVIEW ACTIONS

Record No: I24/348

COMMITTEE RECOMMENDATION

ARIC37/24

That the progress against the recommendations be noted.

Moved Mr Quirk

Seconded Mr Cox

CARRIED

This update goes to Council with a brief overview of various activities. At this point we are not directly focused on actions within this report but Towards Excellence is focusing on what is needed to be achieved.

7.1.8 WORK HEALTH AND SAFETY UPDATE

Record No: I24/374

COMMITTEE RECOMMENDATION	ARIC38/24
That the information on the level of workplace safety incidents and activities be noted.	
Moved Mr Quirk	Seconded Councillor Summers
	CARRIED

There was one question to this report regarding the veracity of the report. The CEO stated that he was more confident in this report than previous reports. It was also mentioned that half of the reports were in regards to abuse to staff from members of the public. Mayor and CEO met with the Premier Minns and confirmed that the organisation cannot take action in regards to these matters, the individual must make a claim against the abusive person.

A question was asked whether the spike in abuse was related to the budget papers being released but the CEO stated that this report was completed before the draft papers were released.

It was noted that the psychosocial element was low. It was stated that due to organisational changes, this would continue to be low until changes are rolled out and improvements are made.

7.1.9 COMMITTEE GOVERNANCE ACTIVITIES

Record No: I24/360

COMMITTEE RECOMMENDATION	ARIC39/24
That any governance matters be considered.	
Moved Mr Quirk	Seconded Councillor Summers
	CARRIED

Chair to draft annual report from ARIC to send to committee members and CEO with aim for submission at the August ordinary Council meeting with a councillor briefing session on 1 August.

7.2 FINANCE REPORTS

7.2.1 MONTHLY FUNDS MANAGEMENT REPORT - MAY 2024

Record No: I24/354

COMMITTEE RECOMMENDATION	ARIC40/24
That ARIC note the Council's cash and investments position as at 31 May 2024.	
Moved Mr Quirk	Seconded Mr Buckley
	CARRIED

This item was noted as read.

7.2.2 QUARTERLY BUDGET REVIEW STATEMENT (QBR) 31 MARCH 2024

Record No: I24/355

COMMITTEE RECOMMENDATION	ARIC41/24
That ARIC note the quarterly budget review statement for the quarter ended 31 March 2024.	
Moved Mr Quirk	Seconded Ms McRae
	CARRIED

This item was noted as read. A question was asked regarding the level of financial risk as in other reports it has been labelled as 'Extreme' or 'High' but with the QBR it was labelled as 'Medium'. CFO response was that for this year we would meet the criteria for a Medium level of risk for this particular report. It was also noted by the CFO that the errors have reduced and in some areas, it is even zero.

8. SPECIAL AGENDA ITEMS

8.1 AUDIT REPORTS

8.1.1 INTERNAL AUDIT - PROCUREMENT

Record No: I24/357

COMMITTEE RECOMMENDATION	ARIC42/24
That ARIC note the draft procurement audit report.	
Moved Mr Quirk	Seconded Mr Cox
	CARRIED

Paul Fitzsimmons gave an update on this report. It was mentioned that there was overlap on procurement and accounts payable. CFO mentioned that there is a new staff member in the role as Procurement Coordinator who is tidying up policies and procedures in these areas.

8.1.2 INTERNAL AUDIT - ACCOUNTS PAYABLE

Record No: I24/373

COMMITTEE RECOMMENDATION	ARIC43/24
That ARIC note the Accounts Payable Audit.	
Moved Ms McRae	Seconded Mr Quirk
	CARRIED

Paul Fitzsimmons gave an update on this item. It was noted that there are currently a few issues but the finance team are developing a plan to update policies and procedures to monitor and reduce occurrences. It was noted that defining what exceptions to these polices are allowed and what the

consequences are if they are not followed would improve the systems. A questions was asked if any data analytics were performed, answer being that none were used.

8.2 OTHER REPORTS

8.2.1 CUSTOMER SERVICE STANDARDS

Record No: 124/359

COMMITTEE RECOMMENDATION	ARIC44/24
That the information on the customer service system be noted.	
Moved Mr Quirk	Seconded Mr Cox
CARRIED	

It was stated that the purpose of this report was to summarise current activities to give the committee an idea of the relationship with the public and what occurs behind the scenes. A customer request management system was rolled out at the end of April which is designed to increase efficiency with time management and accountability. There are currently some glitches with escalating tasks and complaints. This program will produce reports on response times which will align with the customer service charter. Staff are currently working on coding the program to differentiate between complaints and requests for service to enable a report that produces results for both areas.

8.2.2 BUSINESS CONTINUITY MANAGEMENT & RISK FRAMEWORK UPDATE

Record No: 124/358

COMMITTEE RECOMMENDATION	ARIC45/24
That ARIC note the update on the development of the risk framework.	
Moved Mr Quirk	Seconded Ms McRae
CARRIED	

This item was noted as read. A question was asked regarding the risks assessments for decision making and if they are made in accordance with any frameworks. CSO answered that all risks are marked against our current framework. Another question was asked, does Council have a risk management framework in accordance with the current guidelines? It was stated that the last framework was developed based on the 2018 standards and does need to be reviewed. Staff to do an assessment of the framework to determine if it is compliant and bring a report back to ARIC to the next meeting.

8.2.3 PERFORMANCE IN MANAGING ASSETS

Record No: I24/362

COMMITTEE RECOMMENDATION	ARIC46/24	
That the review on performance in managing assets be brought to the next ARIC meeting.		
Moved Mr Quirk	Seconded Mr Buckley	CARRIED

It was stated that this area covers a large array of services but currently has minimal resources to complete tasks therefore, the recommendation was to bring a report back to the next ARIC meeting.

8.2.4 DEVELOPMENT OF STRATEGIC PLAN

Record No: I24/361

COMMITTEE RECOMMENDATION	ARIC47/24	
That the committee develop a strategic plan.		
Moved Mr Quirk	Seconded Ms McRae	CARRIED

It was noted that the ARIC needs to have confidence that there are three main components in place;

1. Internal Audit Function
2. Risk Management
3. ARIC

The strategic plan does need to have some linkage to Council's objectives and address next year's CSP. The Chair would like to wait until ARIC receives a better view of the issues from the Internal Audit and Risk Management before developing a strategic plan.

8.2.5 DRAFT INTERNAL AUDIT PLAN

Record No: I24/364

COMMITTEE RECOMMENDATION	ARIC48/24	
That the ARIC note the update on the Internal Audit Plan.		
Moved Mr Quirk	Seconded Ms McRae	CARRIED

It was noted that this is an area that should be linked to the service level agreement.

8.2.6 INTERNAL AUDIT SERVICE LEVEL AGREEMENT

Record No: I24/363

COMMITTEE RECOMMENDATION	ARIC49/24	
That the ARIC recognises the resourcing implications of the draft service level agreement and aim to work with management in addressing a more suitable internal audit service.		
Moved Mr Quirk	Seconded Councillor Summers	CARRIED

The committee had some reservations regarding the draft model from the CRJO.

9. GENERAL BUSINESS

The internal auditor thanked SMRC staff for their assistance during internal audits.

Cr Summers noted that it was her last potential meeting with the ARIC and expressed her appreciation to the committee for their knowledge exchange and support.

It was stated that councillor nominations for committees will be determined at the second or third Council meeting and therefore, a councillor will not be appointed by the next committee meeting. It was noted that the committee will still have a quorum and the meeting can continue.

An item on fraud and corruption prevention systems was requested to be brought to the next meeting.

10. NEXT MEETING

Monday, 16 September 2024.

There being no further business the Chair declared the meeting closed at 1:09PM.



CHAIRPERSON

The above minutes of the Audit Risk And Improvement Committee Meeting of Snowy Monaro Regional Council held on 17 June 2024 were confirmed by Committee at a duly convened meeting on 16 September 2024 at which meeting the signature hereon was subscribed.