

# AUDIT RISK AND IMPROVEMENT COMMITTEE

## 1. Present and Apologies

Name & Position	Status
Chairperson, Mr Terry Bunn	P
Mr Geoff Steel	P
Mr Roger FitzGerald	P
Cr Mitchell Nadin	P
General Manager, Leanne Barnes	IA
Director Business and Governance, Mr Graham Stubbs	IA
Executive Manager Organisational Development and Governance, Ms Nina Churchward	A
Risk & Internal Audit Coordinator, Mr James Dangers	IA

### Present (P) In Attendance (IA), Apology (A)

12.30pm commencement

## 2. Confirmation of Minutes

### 2.1 Confirmation of previous minutes

Confirmation of ARIC minutes from the meeting held 04 September 2018. Moved Terry Bunn (Chair)  
Seconded Geoff Steel (ARIC Member).

### Discussion notes from minutes

- **4.2.1 (b) Reassessment of provision for rehabilitation of landfill sites was paid to Council in 2018 f/y:** Graham Stubbs advised this revenue was accounted for during the year and was received in September 2018, provisions to be reviewed and adjusted upwards as part of the year end process.

### 2.2 Action Plan

Action Plan update as detailed in minutes from the meeting held 04 September 2018.

Key: **Green completed item** - **Orange outstanding item** - **Blue awaiting action item**

Action	Responsible Person	Notes	Timeframe
<b>a. Amend the major projects audit scope.</b>	James Dangers	Task complete – remove from action plan.	ARIC meeting 4/9/18
<b>b. Include a full-size copy of the RAMA document in the business papers for the September committee meeting.</b>	James Dangers		ARIC meeting 19/3/18
<b>c. Commence drafting planning documents for the Organisational</b>	James Dangers		ARIC meeting

<b>Culture Audit.</b>			19/3/18
<b>d. Implement changes to the ARIC charter.</b>	James Dangers	Task complete and charter sent to Council for endorsement – remove from action plan.	ARIC meeting 19/3/18
<b>e. Council to assess and endorse the recommendations proposed in the ERM Audit undertaken by Prosperity Advisers Group.</b>	LEG		ARIC meeting 19/3/18
<b>f. Send out survey response on fraud and corruption to the ARIC.</b>	James Dangers		ARIC meeting 19/3/18
<b>g. Send through the endorsed Community Strategic Plan (CSP).</b>	Sophie Thomson		ARIC meeting 19/3/18
<b>h. Invite James Sugumar to the 4 September 2018 ARIC meeting.</b>	James Dangers	Task Complete– remove from action plan.	ARIC meeting 19/3/18

### Notes from the Action Plan

- Action plan was discussed – James Dangers took committee through the fraud & corruption survey responses given to RSM but still needs to provide copy of AO fraud survey.

## 3. General Business

### 3.1 Audit

#### 3.1.1 Budget Update

The following table summarises the ARIC’s financial position as of 05/11/18:

Budget	Expenditure	Commitment	Available
\$55,000 (ex GST)	\$13,396.42	\$0	\$41,603.58

Residual funds from last financial year have not been brought across – Risk & Internal Audit Coordinator to proceed with Major Projects & Organisational Culture Audit.

#### 3.1.2 AO NSW Briefing

Briefing by Audit Office of NSW was cancelled and will be undertaken next meeting.

#### 3.1.3 ARIC Overview and Induction

A brief overview of the functions of the Committee was provided to the new ARIC Councillor Member Cl Nadin. The committee explained how the ARIC functions within the context of the amendment LG Act and organisational context.

#### 3.1.4 ARIC Annual Report Presentation

ARIC Annual Report 2017/18 endorsed by the committee and ARIC members briefly discussed how ARIC’s annual report will be presented to Council on 21 November 2018. Members resolved that the presentation will be worked on outside of the meeting by the Chair Terry Bunn and the Risk & Internal Audit Coordinator. Once final draft developed it will be sent to other members outside of session and prior to the presentation.

#### Actions:

Action	Responsible Person	Timeframe
• Chair Terry Bunn and the Risk & Internal Audit	James Dangers	ASAP

Coordinator to finalise presentation out of session.

## 3.2 Enterprise Risk

### 3.2.1 Corporate Risk Register & Risk Appetite Statement

ARIC discussed the draft BVSC Corporate Risk Register & Risk Appetite Statement prior to presentation of Risk Register to Council in the new year. Generally, the risk appetite is a good start however the documents requires simplification to make it more user friendly for Councillors. Discussion centred around the need to identify the target audience and the need to use simpler language to make risk an easier concept for key stakeholders to grasp. It was agreed that at the ARIC annual report presentation to Council some slides should be dedicated to risk starting the conversation with Council. Roger FitzGerald agreed to provide some slides to this effect and agreed to speak to these at the meeting including an example. Geoff Steel suggested that a worked example around cash reserves would also assist Councils understanding of the significance of ERM to the organisation.

#### Actions:

Action	Responsible Person	Timeframe
• ARIC Members to provide relevant slides for the annual report presentation on risk.	James Dangers	ASAP

## 3.3 Improvement

### 3.3.1 Performance Management & Reporting

Leanne Barnes raised the Price Waterhouse Coopers (PWC) survey with the committee which BVSC has participated in for the last five years. The survey is a self-assessment tool designed to assess Local Government Operational Effectiveness with the findings provided to participating Council's to enable meaningful comparisons focusing on operational and management excellence. Councils involvement is voluntary but is a valuable resource for bench marking and best practice identification. Comparative data is broken down into metro, regional and rural and predominately captures workforce, assets, operations, service delivery, waste, risk management and finance data. ARIC members noted that it would be valuable for the committee to receive updates on work in this area. Participation in this program is a cost to Council but is cheaper than if BVSC were to attempt a benchmarking project alone. Geoff Steel asked if it can be used to identify 'hot button' accounting issues which it has a limited capacity to do.

#### Actions:

Action	Responsible Person	Timeframe
• Distribute copy of PWC report for ARIC members	Sophie Thompson	Next Meeting

## 4. New Business

### 4.1.1 Draft Financial Statements

Draft Financial Statements were provided for discussion and Geoff Steel noted the following

- On income statement grants and contributions provided for capital purposes it would be good to have a note explaining the figures to communicate the details.

- In regard to the statement on comprehensive income Graham Stubbs explained that there was a revaluation on property (namely a couple of large buildings) – otherwise stable for real estate related items.
- Last year council revalued Water & Sewer (WaSS) assets with almost \$60M worth of devaluation – this is since cost of replacement is cheaper for these assets in this area.
- Geoff Steel noted on the balance sheet there is values for cash and cash equivalents but no investments. Graham Stubbs explained that most investments are in term deposits but these can be accessed within 24 hours with no penalty thus being listed as cash equivalent – BVSC will look to get a better return on these investments this will tie some of these investments up shifting these from cash into investments. No plans to increase risk portfolio in terms of cash investments.
- Quarry revenues were listed as nil – there was no income but a little bit of expenditure from Costin’s Pit due to an environmental review.
- Community care has doubled – this is correct increased programming e.g NDIS.
- Expenses from continuing operations - electricity charges have increased by 40% - Leanne mentioned Council’s involvement in various initiatives e.g. southern lights project, assessment on usages, alternative energy processes etc. WaSS is a significant user of power also looking at solar as an alternative.
- Did the Tathra Bushfire appeal appear separate outside of accounts – does this need to be captured. This has been passed to AG as to what disclosure they want. Possible add a note to the financials that this money is held in trust outside of the normal accounts.

## 5. Closure & Next Meeting

Meeting closed at 3.03pm. Next meeting Tuesday 19<sup>th</sup> March 2019