

Minutes of Meeting held on 5 December 2022 via Microsoft Teams

Meeting commenced at 5:30pm

Prior to the meeting the Audit Risk & Improvement Committee (ARIC) Members met in-camera.

PRESENT

Audit Risk & Improvement Committee Members	
Independent Member - Chair	John Gordon
Independent Member	Heather Smith
Independent Member	Mark Sercombe
Councillor	Deputy Mayor Philippa Scott
Councillor	Clr Liz Atkins
Councillor (Observer)	Clr Maghanita DeCruz
Councillor (Observer)	Clr John Stamilos
Other attendees	
General Manager	Peter Gainsford
Director Corporate	Kelly Loveridge
Director Planning	Simone Plummer
Director Community	Ruth Callaghan
Director Infrastructure	Ryann Midei
Chief Financial Officer	Daryl Jackson
Financial Partnering and Analytics Manager	Chris Sleiman
Financial Reporting and Control Manager	Aigul Utegenova
Senior Manager Governance and Risk	Beau-Jane De Costa
Risk and Audit Manager (minute taker)	Justin Lucas
Director, Financial Audit, NSW Audit Office	David Daniels
Audit Manager, NSW Audit Office	Cassie Malone

WELCOME AND ACKNOWLEDGEMENT OF COUNTRY

The chairperson welcomed ARIC members and attendees to the meeting, noting that the primary focus was on the review and endorsement of the Draft Annual Financial Statements and Special Schedules for the year ended 30 June 2022. The chairperson acknowledged the traditional custodians of the lands on which the virtual meeting took place and paid his respects to elders past, present and emerging as well as any elders present at the meeting.

APOLOGIES:

No apologies recorded.

DISCLOSURES OF INTERESTS:

Mark Sercombe advised of a recent appointment to the Commonwealth Department of Agriculture, Fisheries and Forestry Audit and Risk Committee and advised that, in his opinion, this appointment does not present a conflict of interest.

The Audit, Risk and Improvement Committee closed for a confidential discussion at 5.40pm.

The Audit, Risk and Improvement Committee opened for discussion at 5.50pm.

RIS1222(1) Item 1 Draft 2021/22 Annual Financial Statements

DISCUSSION

The Chief Financial Officer presented the report and discussed the process undertaken this year and the challenges associated with the preparation of the annual financial statements. The Chief Financial Officer addressed the following:

- the operating results, including impacts to revenue and costs arising from COVID-19
- cash flow and restricted cash asset levels
- revaluations and the expert advice received from financial advisors and engineers
- specific questions, corrections and comments from members of the ARIC.

David Daniels (Director, Financial Audit, NSW Audit Office) provided a report on the conduct of the audit and noted matters which will appear in the forthcoming Closing Report.

RESOLUTION

1. **That the Audit, Risk and Improvement Committee (ARIC) endorse the Draft Annual Financial Statements for the year ended 30 June 2022, for submission to Council for adoption on 6 December 2022, subject to the inclusion of the applicable Note (Option 1 or 2), as circulated to the ARIC on 5 December 2022 via circular resolution, in relation to the potential de-amalgamation business case. Option 1 being included if the Council does not resolve earlier on 6 December 2022 to submit the de-amalgamation business case to the Office of Local Government; or Option 2 if the Council does resolve earlier on 6 December 2022 to submit the de-amalgamation Business Case to the Office of Local Government.**

Wording to be included in the Notes to the Financial Statements, Note A1.1, under the heading “Basis of preparation”

Option 1

A poll was undertaken on a potential de-amalgamation of the Council and a business case has been prepared.

Option 2

A poll has been undertaken on a potential de-amalgamation of the Council, a business case has been prepared, and Council has passed a resolution on 6 December 2022 to submit the business case to the Minister for Local Government and the Boundaries Commission for consideration and determination.

2. **The Audit, Risk and Improvement Committee endorse the Special Schedules for the year ended 30 June 2022, for submission to Council for adoption on 6 December 2022. The Special Schedules are comprised of: Permissible income for general rates and the Report on infrastructure assets as at 30 June 2022.**

3. That the Audit, Risk and Improvement Committee endorse the recommendations of the ARIC meeting of 5 December 2022, in relation to the item ‘Draft 2021/22 Annual Financial Statements’ being provided to the Council meeting on 6 December 2022, as part of the item considering the Annual Financial Statements in the Ordinary Council agenda.
4. The Audit, Risk and Improvement Committee acknowledge and thank the Council staff and External Auditors for the significant work undertaken in the preparation of the Draft Annual Financial Statements.

Mover: Mark Sercombe
 Seconder: Heather Smith

Carried unanimously.

RIS1222(1) Item 2 Proposed Audits 2023

DISCUSSION

Senior Manager, Governance and Risk discussed the report. The ARIC noted a number of resources which may assist management in fulfilling the plan including existing frameworks, workplans and matters relevant to procurement of the Internal Audits. Editorial suggestions were made to ensure the forward planner is clearly mapped to statutory responsibilities and to core requirements in the ARIC Terms of Reference which is founded on the draft Office of Local Government Guidelines.

RESOLUTION

That the Audit, Risk and Improvement Committee:

1. Endorse the following Internal Audits to be undertaken in 2023:
 - a) Records Management;
 - b) TechnologyOne Implementation;
 - c) Fraud and Corruption; and
 - d) Privacy and Cybersecurity.
2. Endorse the draft 2023 ARIC forward planner, as attached to the report, subject to the inclusion of a presentation being provided to the Audit, Risk and Improvement Committee, at the beginning of 2023 regarding fixed and non-current assets.

Mover: Mark Sercombe
 Seconder: Heather Smith

Carried unanimously.

GENERAL BUSINESS

The Audit, Risk and Improvement Committee discussed the obligations to commission an independent review of the internal audit function every five years; and the steps to be undertaken to conduct a self-assessment and prepare an annual report on the ARIC for the year ending 31 December 2022.

Meeting closed at 7.00 pm.