
**AUDIT, RISK AND IMPROVEMENT COMMITTEE
HELD IN MURRAY ROOM, GRIFFITH ON
WEDNESDAY, 1 FEBRUARY 2023 COMMENCING AT 5:08 PM**

PRESENT

Stuart Heffer (Chair) (Community Representative), George Youssef (Community Representative - Zoom), Councillor Manjit Singh Lally

Quorum = 2

STAFF

General Manager, Brett Stonestreet, Director Business, Cultural, Financial Services, Steve Saffioti, Internal Auditor, Keith Coates and Governance Manager, Leanne Austin

1 APOLOGIES

RECOMMENDED on the motion of Stuart Heffer and George Youssef that apologies be received from Alan Shea (Community Representative) and Councillor Christine Stead (Councillor - Alternate).

2 CONFIRMATION OF MINUTES

RECOMMENDED on the motion of Stuart Heffer and George Youssef that the minutes of the previous meeting held on 11 January 2023, having first been circulated amongst all members, be confirmed.

3 BUSINESS ARISING

Nil.

4 DECLARATIONS OF INTEREST

Pecuniary Interests

There were no pecuniary interests declared.

Significant Non-Pecuniary Interests

There were no significant non-pecuniary interests declared.

Less Than Significant Non-Pecuniary Interests

There were no significant non-pecuniary interests declared.

5 ITEMS OF BUSINESS

CL01 INTERNAL AUDIT CONTRACT

Councillor Lally entered the meeting at 5:10 pm.

The current internal audit contract will expire on 30 September 2023. The Committee considered suppliers identified from the Local Government Procurement Internal Audit and Management Consulting Services list for the provision of Council's internal audit services from 1 October 2023.

Quotes are to be obtained from the selected suppliers including organisation structure, rates and travel costs, ability to comply with OLG Risk Management and Internal Audit Guidelines, experience and qualifications, ability to provide offsite auditing services, experience with rural/regional Councils and indicative budget \$ for 2023/24 regarding internal audit services.

As recommended by the OLG Risk Management and Internal Audit Guidelines that the internal auditor is not the same auditor conducting Council's external audit, Crowe Australia have been excluded from the list.

Mr Coates advised he would defer the Risk Management Assurance audit proposed to be undertaken later this year to the new internal auditor to complete as this would be a key area of focus.

RECOMMENDED on the motion of Stuart Heffer and George Youssef that:

- (a) Council seek requests for quotations and organisation information as listed above from the following suppliers listed on Local Government Procurement (LGP218): BDO Services Pty Ltd, Centium Pty Ltd, National Audits Group, O'Connor Marsden & Associates
- (b) Quotations be presented to the Audit, Risk & Improvement Committee for assessment and recommendation to Council.
- (c) Contract term for Internal Audit Services be from 1 October 2023 to 30 September 2028.

CL02 INTERNAL AUDIT REPORT - REVIEW OF DELEGATIONS

RECOMMENDED on the motion of Stuart Heffer and George Youssef that the Committee note the Internal Audit Report for Review of Delegations.

CL03 OLG CIRCULAR - GUIDELINES FOR RISK MANAGEMENT AND INTERNAL AUDIT FOR LOCAL GOVERNMENT IN NSW

Amendments are currently being made to the *Local Government (General Regulation 2021)* to require all councils to have a risk management framework and an internal audit function and to prescribe membership requirements for Audit Risk and Improvement Committees. The Office of Local Government has issued comprehensive *Guidelines for Risk Management and Internal Audit for Local Government in NSW* to assist councils and joint organisations to implement these requirements.

Councils will be required to comply from 1 July 2024 and, commencing with the 2024/25 annual report, to attest to their compliance with the requirements in their annual reports.

The Guidelines have been issued in draft form pending the supporting Regulation amendments being made so that councils can commence the steps necessary to implement

them.

The Guidelines will be reissued in a final form when the supporting regulations are made in early 2023, to align them with the regulations as drafted.

RECOMMENDED on the motion of Stuart Heffer and George Youssef that:

- (a) The draft Guidelines for Risk Management and Internal Audit for Local Government in NSW be adopted with the final Guidelines to be presented to the Committee when reissued following required legislative amendments.
- (b) The draft Model Internal Audit Charter be adopted including Option 2 Outsourced internal audit function/team.
- (c) The draft Model Terms of Reference be adopted with the following inclusions:
 - Minutes must be approved by the Chair and circulated within 10 working days of the meeting to each member
 - Where the Chair or a Committee member is unable to complete their term or does not intend to seek reappointment after the expiry of their term, they should give 3 months' notice.

CL04 OLG GUIDELINE - CYBER SECURITY

The Committee noted that a Cyber Security policy is being prepared in line with the recently issued OLG Cyber Security Guideline. The policy will be presented to the Committee at a future date.

RECOMMENDED on the motion of Stuart Heffer and George Youssef that the Committee note the OLG Guideline on Cyber Security.

CL05 OLG GUIDELINE ON THE USE AND MANAGEMENT OF CREDIT CARDS

RECOMMENDED on the motion of Stuart Heffer and George Youssef that:

- (a) The Committee note the OLG Guideline on the Use and Management of Credit Cards.
- (b) Council review its Credit Card policy and procedures in line with the OLG Guideline on the Use and Management of Credit Cards.

6 OUTSTANDING ACTION REPORT

The Committee noted the outstanding item regarding Contract Management with Expressions of Interest closing 28 February 2023.

7 GENERAL BUSINESS

7.1 Procurement Manual

Mr Saffioti advised that the purchasing limits in the Procurement Manual have been reviewed and presented to Senior Management Team for approval.

7.2 Process for New Suppliers

Mr Saffioti advised changes would be made to the onboarding process for new suppliers to ensure a telephone check of bank details is implemented.

7.3 Qualifications for Committee Members

Mr Youssef enquired if Committee members were required to gain formal qualifications. Mr Stonestreet advised that the Guidelines require members to have suitable skills and meet certain eligibility criteria however the prequalification requirement had been removed from the draft Guidelines. A criminal record and financial status check is required to be undertaken of members prior to their appointment.

7.4 Landfill Fees for Council Contractors

Councillor Lally enquired if Council contractors could be exempt from landfill fees when providing services to Council. Mr Saffioti advised that any GST paid is claimed and that Council is required to operate the landfill in a financially sustainable manner. Any exemption from fees for contractors providing Council services would be difficult to administer.

8 NEXT MEETING

The next meeting of the Audit, Risk and Improvement Committee is to be held on Wednesday, 28 June 2023 at 5:00 pm. Councillor Lally advised he would be an apology.

There being no further business the meeting terminated at 6:00 pm.

Confirmed:

CHAIRPERSON