



CENTRAL TABLELANDS ALLIANCE (CTA) AUDIT and RISK IMPROVEMENT COMMITTEE (ARIC)

MINUTES

Tuesday 9 June 2020

Lithgow City Council meeting 11.15 am to 12pm

Attendees

Voting	
Neil Maltby	Independent Member & Chair
Phillip Burgett	Independent Member
Phil Ross	Independent Member
Ray Thompson, Mayor	Lithgow City Council
Non-Voting	
Craig Butler, General Manager	Lithgow City Council
Ross Gurney, Chief Financial and Information Officer	Lithgow City Council
Rhiannan Whiteley, Secretariat	Lithgow City Council
Gabriel Fanople,	Crowe (External Audit Agent)
Chariee Bultitude, Director	Audit Office

Apologies

Steve Ring, Deputy Mayor	Lithgow City Council
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1. Compliance – report on legal and compliance risks

The CFIO stated that the format of the agenda reports had taken into account the Committee's expressed wish to focus on oversight / monitoring of Council's adherence to process and policy in the Committee's areas of responsibility.

The Compliance report was presented to the Committee which detailed items not updated in Pulse.

All compliance actions have been completed however they may not have been updated in Pulse and the CFIO will be following up with the Executive Team.



The CFIO explained that he was unsure whether the WHS Compliance Actions should be included in the Compliance Register place and needs to discuss this further with the Director of People & Services. An update will be provided to the Committee once determined.

Phil Burgett asked whether it was possible to get a similar report from Pulse for the WHS compliance actions (showing completed / outstanding).

Committee member Phil Ross has a number of documents that he will provide to the Committee in regard to control documentation for summarising the Committee's recommendations.

Phil Ross asked how compliance actions are determined and the CFIO advised that Lithgow City Council (LCC) considers the annual OLG compliance schedule then builds from the schedule, considering what other Councils are doing and legislative / regulatory changes. It is the responsibility of individual Directors to maintain the Compliance Register.

The Committee requested that in future reports the CFIO include a table to show how many actions have been completed as well as the ones that have not been updated.

RECOMMENDATION

THAT:

1. The Committee note the Compliance Report.
2. The CFIO to determine whether a similar report can be provided from Pulse for the WHS compliance actions (if they are to remain in Pulse).
3. Phil Ross to provide control documentation to the CFIO for reference.
4. The CFIO to include in future reports a table showing actions completed and those not completed.

MOVED: Phil Ross

SECONDED: Phil Burgett

2. Risk Management – risk register report – new and reassessed risks

The Risk Report has been provided to the Committee for noting, including additional risks that are being added to the register.

The Risk Management Committee has been meeting fortnightly throughout the COVID-19 pandemic but will be moving back to monthly meetings.

RECOMMENDATION

THAT

1. The Committee note the Risk Management Report
2. Note the additional risks (added to the register as an external audit action).
3. Note the frequency of the Risk Committee meetings moving forward.

MOVED: Phil Ross

SECONDED: Phil Burgett



3. Fraud Control – report on fraud strategies and controls

RECOMMENDATION

THAT the Committee note the Fraud Control Report.

MOVED: Phil Ross

SECONDED: Phil Burgett

4. Financial management report

The Financial Management Report was provided to the Committee for noting. The CFIO referred the Committee to the changed deadlines for statutory requirements.

Phil Ross asked whether the Committee normally has a meeting to review the financial statements prior to reporting to Council? He was advised that they have not had a specific meeting in the past, however, the statements have been provided to all Committee members.

It was suggested that Council looks at the timing of meetings to allow for the Committee to review the financial statements or alternatively hold a special meeting to review the financial statements.

The CFIO advised that LCC is still working towards a 31 October 2020 deadline to lodge the financial statements and this aligns with the Council meeting schedule. He enquired as to whether the Committee wanted to meet in order to review the statements and advised that if so it would need to be in October 2020.

The Committee noted that the purpose of this meeting would be solely to review the statements and for comments and feedback.

Budget review statements will be provided to Committee members, which includes COVID-19 impacts.

The CFIO advised the Committee of emerging cashflow difficulties as a result of COVID-19. Cash receipts are currently lower than in previous years and cashflow issues may continue throughout 2020.

The Executive Team will determine actions to address the cashflow issues for the remainder of the financial year. The External Auditors will be consulted with regard to the accounting treatment for a shortfall in unrestricted cash (e.g. internal borrowing against internally restricted reserves). The General Manager advised that Council is currently looking at other remedies available to recoup funding claims from other levels of government.

The current financial position will be reported to the June Council meeting. The CFIO indicated that LCC is utilising the 1 month extension granted by the OLG to due COVID for reporting of the budget review.



Neil Maltby advised the CFIO that he didn't not receive the Annual Engagement Letter in the email dated 22 April. The CFIO will ensure that Audit Office correspondence is copied to the Committee Chair in future.

RECOMMENDATION

THAT:

1. The Committee note the Financial Management Report.
2. A special meeting be arranged in November 2020 for the Committee to review and comment on the 2019/20 Financial Statements prior to reporting to Council.
3. Note the current cashflow issues due to the COVID-19 impacts.

MOVED: Phil Ross

SECONDED: Phil Burgett

5. Governance – report on key governance processes (including the policy register & any significant conflicts of interest)

The CFIO presented the exception report on policies due to be reviewed.

Over the past 6 – 12 months LCC have been working through a large number of policies that required reviewing. Currently there are only 6 remaining to be reviewed in this term of Council.

The CFIO advised that policy reviews are the responsibility of the Directors and policy review is a standing item for Executive meetings.

RECOMMENDATION

THAT the Committee note the Governance Report.

MOVED: Phil Ross

SECONDED: Phil Burgett

6. Implementation of strategies – report on implementation of strategic plans, delivery program and other IP&R strategies

The Draft Operational Plans (strategic plans, delivery program and other IP&R strategies) are currently on public exhibition and will be reported to the June Council meeting.

RECOMMENDATION

THAT the Committee note the Implementation of Strategies Report.

MOVED: Phil Ross

SECONDED: Phil Burgett

7. Service reviews – update report



The Committee members agreed that the Rangers Service Review document was a very comprehensive and detailed report. An action plan is currently being considered by the relevant Director.

Moving forward a list of services needs to be reviewed and a plan needs to be developed with the input of the General Manager. The plan will then be provided to the Committee for information.

Committee member Phil Ross raised a few concerns regarding the framing of recommendations in the Rangers Service Review report. The concerns were noted by the CFIO and will be referred to the responsible officer.

The Committee is to establish their role in relation to receiving and reviewing service review reports. The CFIO advised that he designed the agenda around the functions and responsibility of the Committee included in the Charter and reflecting the Local Government Act. Service reviews are a relatively new process Council has started to undertake. It was suggested that similar to the Internal Audit Plan, the Committee also receive a Service Review Plan for consideration and oversight.

The implementation of the actions from service reviews would be tracked internally and then the Committee would be provided with an actions implementation overview. The Committee would be responsible for monitoring the overall effectiveness of the reviews rather than specific recommendations. Directors are responsible for the implementation of recommendations and then the Committee would receive progress reports on the implementation of recommendations.

The Committee enquired as to how the service review process synchronises with the Audit Office performance audits. The Committee suggested that Council could undertake a self-assessment using the Audit Office performance audit reports to link with service reviews and drive process improvements.

The General Manager advised that he will provide a report back to next meeting detailing the way forward for service reviews, the role of the Committee in the process and the resources available.

RECOMMENDATION

THAT:

1. The CFIO note the suggested improvements to the service review action report and make changes as appropriate.
2. The General Manager will provide a report to the next meeting detailing the way forward for service reviews, the role of the Committee in the process and the resources available

Moved: Phil Burgett

Seconded: Neil Maltby

8. Internal & external audit – report on audit action lists (internal & external)

Following on from the Joint Audit Committee meeting, this section of the agenda will include a report on the Internal Audit Plan in future.



The CFIO advised the Committee that LCC are still on track to complete the external actions by the end of June. Evidence of completion will be sent to Gabriel Fanople.

The Committee were advised that the internal audit actions are all ongoing and that work has recommenced on the project management actions and a contractor has been engaged to complete the work.

Payroll activities actions are all ongoing also.

Gabriel Fanople thanked Finance and the CFIO for their assistance with getting interim audit documents to him. LCC are very close to getting the interim audit management letter from the Audit Office. The Committee Chair will be CC'd in the interim audit management letter.

RECOMMENDATION

THAT the Committee note the Report on the External Audit and Internal Audit Action Lists. .

Moved: Phil Burgett

Seconded: Neil Maltby

9. General Business

The Committee thanked Phil Ross for his valuable input into his first meeting.

The Committee also thanked Craig Butler for his input.

There being no further business the meeting concluded at 12:40 p.m.