



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

MINUTES

Wednesday 9 September 2020

Lithgow City Council meeting 10.55 am to 11.40am

Attendees

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

Apologies

NIL

1. Confirmation of Minutes/Business Arising from meeting held on 9 June 2020

Neil Maltby sought clarification and updates in relation to a number of comments in the minutes including cashflow issues and an update on the audit action list.

Cashflow

CFIO advised that cash inflows picked up in early August as Council issued its rates notices with a due date of 30 September. Council also received the financial assistance grant and a few other grants which has assisted with cashflow. Cashflow still needs to be closely monitored and Finance staff are building a spreadsheet-based cashflow monitoring system over time. Restricted cashflow may still impact key Infrastructure Services team capital projects for this financial year. A decision needs to be made around November as to whether planned contract projects can commence from January 2021.



The situation is under constant review but there has been sufficient cash to cover July and August cash outflows. CFIO will continue to report the cashflow issue to the Committee moving forward and will include it as separate report.

Service Reviews

Previous minutes from the June meeting advised that the General Manager would provide an update on service reviews. The Chair asked the General Manager for any comments.

The General Manager that the item be discussed at the next meeting of ARIC. Just this week ELT had a strategic planning session and each of the Directors and ELT as a group have more clarity on the key projects for the year ahead and service reviews and service specification is one key project. The General Manager's observation, being relatively new to the organisation, is that we don't have clarity of what the task looks like, how much resourcing it will require and the benefit gain that may come from the reviews.

By the next meeting in December, ELT will have considered the service specifications / service review process and the General Manager will be able to provide the Committee with a more detailed report.

Audit Recommendation Tracking

CFIO indicated to the Chair that he had implemented the Audit Recommendation tracking spreadsheet as provided by Phil Ross to track ongoing Committee recommendations. Item listed on agenda for discussion.

Interim Management Letter

Received the letter on 7 August 2020.

Phil Burgett requested confirmation that the contract audit firm were now known as Crowe. CFIO confirmed.

RECOMMENDATION

THAT the minutes for 9 June 2020 be taken as read and confirmed by the Committee

MOVED – Neil Maltby

SECONDED - Phil Burgett

2. Audit Recommendations Tracking

These are matters arising from previous meetings. All actions from previous minutes have been recorded.

Ongoing actions were listed for review by the Committee. CFIO indicated that he had completed two of the items. Control documentation was provided by Phil Ross and the suggested improvements to the service review action report list have been implemented.

The issue relating to WHS compliance options is still outstanding and waiting for further advice as to whether this is required to be included in Pulse. CFIO is of the opinion that they should not be included in Pulse. Any compliance items need to be actioned and completed and it would take a lot of work to keep WHS actions up to date in Pulse.



The Committee need to determine if a special meeting is required to discuss the new financial statements in November. CFIO to coordinate with Oberon and arrange suitable time/date.

When items are completed on the tracking report they should be removed and each item should have specified target dates.

For future agendas a 'Business Arising' item is to be included and the Audit Recommendation Tracking report will be discussed with this item.

RECOMMENDATION

THAT the committee receive and note the progress on the recommendation tracking.

MOVED – Phil Burgett

SECONDED – Neil Maltby

3. Agenda Reports

Committee members were satisfied with the detail provided in the agenda for items 3a. to 3h. CFIO indicated that he had compiled the reports based on the functions and responsibilities of the Committee as per the charter / Local Government Act and that was the reason for the structure of the agenda. It has been an evolving reporting process based on feedback from the Committee and recent input from the General Manager to refine the report inclusions. Included in each of the reports is a self assessment of Council's current status for each of the areas. The reported assessment provides a score card and planned improvements for the current financial year. CFIO has listed improvements to indicate the program for the financial year.

CFIO welcomed any further feedback from the independent Committee members.

Following discussions as shown below for certain items the Committee accepted the report.

RECOMMENDATION

THAT the committee note and accept the agenda reports

MOVED – Phil Ross

SECONDED – Phil Burgett

a. Compliance

We currently have an effective framework including an up to date register and policy.

We are considering a new compliance register system and improved monitoring by ELT.

Inclusion of the WHS Compliances on the pulse register is still being considered.

The Pulse compliance register is to be updated for the 2020/21 financial year.



b. Risk Management

Report accepted without further discussion.

c. Fraud Control

Some items have been identified as having a high residual risk of fraud, the Committee questioned the rationale for that assessment.

CFIO indicated that the Fraud Risk Assessment was completed some time ago with reference to Audit Office documentation when it was compiled. CFIO review the assessments – those risks identified as high residual risk should not be accepted as high and should have risk mitigation processes in place.

CFIO will provide an updated Fraud Risk Assessment to the next meeting of the Committee.

d. Financial management report

Report accepted without further discussion.

e. Governance

Report accepted without further discussion.

f. Implementation of strategies

Report accepted without further discussion.

g. Service reviews – update report

Report accepted without further discussion.

h. Internal & external audit

The Committee discussed whether the internal audit program should be changed or reviewed when there is a change in senior management. With the change in General Manager should the internal audit program be reviewed?

The CFIO advised that he had not seen any guidance in that regard. As a matter of course, the CFIO and General Manager had already reviewed the internal audit plan for this year and considered if there were any higher priorities. An internal audit of Water and Wastewater processes had been considered.

The General Manager advised that he is looking at the program ahead and considering how strategic plans are, as opposed to operational. The General Manager is taking a longer term view in relation to the internal audit program, he has an open mind as to whether some of the priorities need to be shifted. CFIO has provided advice to be considered. Water and Wastewater could be a priority and he has the Director looking into it. In the meantime, planning for the Records Management internal audit will progress.



Phil Burgett made enquiries in relation to the number of journals being processed for Payroll.

CFIO advised that electronic timesheet entry has been implemented in the past 12 months and there are system limitations on restricting the number of ledgers that come up in the drop down menus for staff to select and ongoing training is required to ensure staff are allocating their time to the correct ledgers and projects.

There are a number of legacy issues with the system with leave allocations also so Finance have been required to reallocate ledger costings for payroll in order to manage it.

The committee requested that the Internal and External audits are listed as two separate agenda items for future meetings.

RECOMMENDATION

THAT:

1. The Committee receive and note the interim audit letter.
2. The internal and external audit reports be listed separately at future meetings.

MOVED – Phil Burgett

SECONDED – Phil Ross

9. General Business

Insurance Claim Complaint

The CFIO provided an update on the finding of an external investigation into a complaint regarding the handling of an insurance claim. A number of recommended process improvements will be implemented.

There being no further business the meeting concluded at 11:26 a.m.