



MINUTES OF THE ORDINARY MEETING OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE held at the Nellie Hamilton Centre, 257 Crawford Street, Queanbeyan on Monday, 9 September 2024 commencing at 9.30 AM.

ATTENDANCE

Members Present:

Rhonda Wheatley	External Chairperson
Carolyn Rosetta-Walsh	External Deputy Chairperson – via zoom
Diana Hamono	External member

Also Present:

Rebecca Ryan	General Manager
Kate Monaghan	Director – Corporate Services
Furqan Yousuf	Audit Office of NSW
Yas Wickramasekera	O'Connor Marsden and Associates (OCM)
Hubert van Mierlo	O'Connor Marsden and Associates (OCM)
Jacqui Richards	Director Community, Arts and Recreation (Items 5.5 and 5.9)
Ruth Ormella	Director Development and Environment (Items 5.10 and 7)
Peter John	Manager Digital (Items 4.2, 5.3 and 6.2)
Vicktor Petrov	Manager Economy, Place and the Arts (Item 5.9)
Tracy Sligar	Chief Financial Officer (Item 6.1)
Anita Cakalic	ARIC Secretary/Risk and Internal Audit Coordinator
Lesley Smith	Risk and Internal Audit Administrative Officer (Minutes)

External Audit In-Camera Session:

The ARIC voting members held a separate in-camera session with the Auditor General for NSW Bola Oyetunji and Furqan Yousuf (Director Financial Audit) from the Audit Office of NSW, at 2pm. No minutes are taken for this in-camera session.

The attendance of Bola Oyetunji provided an opportunity for staff to meet and greet the Auditor General for NSW. The ARIC members and staff would like to personally thank Bola Oyetunji for taking the time to visiting QPRC.

Meeting opened at 9.30am.

1. APOLOGIES

Apologies for non-attendance were received and that leave of absence be granted to:

- Cr Michelle Biscotti (Councillor – Non-voting member)
- Cr Bryce Wilson (Councillor – Alternate Non-voting member)

2. DECLARATIONS OF INTEREST

No disclosures were made by Committee members of any interest in the matters under consideration at this meeting.

3. CONFIRMATION OF MINUTES

3.1 Minutes of the Ordinary Meeting of the QPRC ARIC held on 17 June 2024

Resolution

That the Minutes of the Ordinary Meeting of the QPRC ARIC held in the Nellie Hamilton Centre on Monday 17 June 2024 were confirmed.

Moved: Carolyn Rosetta- Walsh

Seconded: Diana Hamono

3.2 Minutes of the Special Meeting of the QPRC ARIC held on 5 September 2024

A Special Meeting of the QPRC ARIC was held on 5 September 2024 to review the draft financial statements. The minutes of this meeting will be confirmed out-of-session and included in the agenda for the ARIC meeting to be held in December 2024.

4. ARIC - ACTIONS ARISING FROM PREVIOUS MINUTES

4.1 Actions Arising Report September 2024

ARIC discussed and noted the excellent progress made to date in the completion of actions arising from past meetings.

Resolution

That the Audit, Risk and Improvement Committee confirmed the status of action items.

4.2 Cyber Security in Local Government

ARIC noted the report provided and discussed:

- In relation to data availability and integrity, the reassurance received that QPRC has confidence in the top tier SaaS (Software as a Service) providers that are currently used. The responsibility and accountability of appropriate access control (Data confidentiality) will always remain with the Council.
- QPRC obtains the SaaS provider's independent third-party audit reports (SOC 2 Type 2) as validation of their information security controls in place.
- A draft Incident Response Plan (IRP) has been submitted to the Executive.

- Completion of the self-assessment template provide by Cyber Security NSW.

Resolution

1. That the report was received for information.
2. Results from the Cyber Security NSW Self-assessment template will be submitted to the next ARIC meeting to be held in December.

5. AUDIT REPORTS

5.1 Audit Office of NSW Update September 2024

ARIC noted the verbal update from the Audit Office (AO) NSW regarding RFS Assets:

- AO NSW have now received all details in relation to RFS assets in NSW and an audit team is now verifying replacement costs.
- An estimated list for each Council will be provided by the AO NSW.
- QPRC's RFS Assets are currently within the acceptable materiality threshold, however, this will be confirmed during final audit examination process.

Resolution

That the verbal update provided by the Audit Office of NSW was received for information.

Interim Management Letter 2024 – Supplementary Item

ARIC discussed the four observations provided by the Interim Management Letter 2024 which included:

- issues noted in remediation provision (prior year matter),
- Improvement Opportunities in the IT risk register (prior year matter),
- Revenue recognition assessment not performed (current year matter), and
- Improvement opportunities in Council's cyber security landscape.

ARIC noted:

- That two issues (1 and 3) have already been resolved,
- The support provided by the Director and CFO (and team) was acknowledged, and
- The remaining observations were considered minor improvements and the plans developed will achieve the desired outcomes.

Resolution

That the Interim Management Letter 2024 was noted and received.

Moved: Diana Hamono

Seconded: Carolyn Rosetta- Walsh

5.2 OCM Internal Audit Update for September 2024

ARIC noted and discussed:

- The consistent progress and achievement of internal audits, although one was delayed due to time constraints.
- The upcoming audits are progressing as planned and will be completed within the timelines posed.
- A definite shift in culture to accepting internal audits as part of Council's continuous improvement journey and the high level of cooperation and commitment to actions from all QPRC staff involved.
- The culture shift can be attributed to the proactive, professional and positive approach to the internal audit function from the General Manager and the Risk and Internal Audit Coordinator.

Resolution

That the update provided by OCM on the progress of internal audits for 2023-2024 was received for information.

5.3 Final internal audit report Disaster Recovery

The ARIC noted that the Disaster Recovery Audit Report Identified four focus areas for improvement, of which critical systems strategy and planning, scenario testing and continuous improvement were identified as major improvement opportunities and the current disaster recovery plan had some improvement opportunity.

Resolution

1. The ARIC received the final internal audit report on Disaster Recovery.
2. Agreed that any outstanding audit actions in relation to the Digital Branch are reviewed, with the aim of retiring any AMAs that can be combined with the AMAs from this current audit, provided that this is noted in any AMAs to be retired/closed.

5.4 Final internal audit report Swimming Pool (Private) Compliance

ARIC noted and discussed:

- The identification of an unacceptable risk exposure and a number of major improvement opportunities, specifically: One very high finding in relation to mandatory inspections; Three high findings relating to compliance and proactive inspections and community awareness and education; and two medium findings relating to unregistered swimming pools; and governance documents.
- That resourcing implementing the 2019 private swimming pool compliance inspection plan/program has been problematic for the organisation.
- As a result, much of the work conducted in this space was reactive (in response to urgent requests) rather than proactive as per the plan/policy.
- The structure of the compliance team has been changed and a dedicated position has been created to meet the compliance need. Recruitment for this position should be finalised shortly.

- The demographics of drownings across Australia includes a high number of people over 75 – QPRC would benefit from aligning messaging to include this group, together with under school age children who are at risk.
- The liability risks in relation to uncertified pools.
- Possibility of the implementation of a three year rotational inspection program.
- Acknowledged the prompt and positive response to the agreed management actions provided by QPRC to address the observations made in the internal audit report.

Resolution

1. The ARIC received and noted the report for the internal audit on Swimming Pool (Private) Compliance.
2. That Council consider offering an incentive for pool owners (e.g. free resuscitation chart) to have their pools inspected.

5.5 Final internal audit report s355 Committees

ARIC noted and discussed:

- One very high finding in relation to committees and training; four high findings relating to documentation of internal processes, terms of reference for s355 committees, setting and waiver of fees, meeting minutes, documentation and recording, financial and annual reporting and one medium finding relating to identifying detective controls.
- The positive response to the audit by staff members and their commitment to achieving actions in relation to the findings.
- The challenge faced by many Councils and the vagueness of s355 of the Local Government Act 1993
- The limited support, knowledge sharing and resourcing due to one person managing the process.
- The Federation Council as an exemplar for QPRC to learn and benchmark the management of s355 committees.
- Current documentation can be amended to accommodate agreed management actions recommended.
- That the selection of committees for inclusion in the audit was based on the committees that were the most active.
- The benefits that s355 committees provide.
- The observation that many Council's in NSW are rationalising the use of s355 committees.

Resolution

The ARIC received and noted the final internal audit report on the management of s355 Committees.

5.6 Final internal audit report Fuel Cards Management

ARIC noted and discussed:

- Three high findings relating to the lack of restrictions in place for fuel cards, data integrity within fuel card reports obtained from fuel companies and analysis of fuel card reports; one medium finding relating to a lack of a standardised operational framework for fuel management; and two low findings relating to discrepancies in Council's fuel card register and fuel issuance and recording process in mobile fuel trucks.
- This audit was triggered as an outcome from the procurement audit conducted in 2022/23.
- Some timelines could be brought forward due to the action not being too complex or resource intensive (e.g. separation process and an internal policy in relation to limiting use of certain fuel on fuel cards).
- Acceptance that there could be occasional 'human error' and further investigation of fuel usage data and staff vehicle data is to be conducted by Council.
- Acknowledged the prompt and positive response to the agreed management actions provided by QPRC to address the observations made in the internal audit report.

Resolution

1. The ARIC received and noted the final internal audit report on Fuel Cards Management.
2. Time lines are to be reviewed to bring forward deadlines for actions AMA 1 and AMA 2.
3. Data obtained by the audit is to be provided to the General Manager to assist with further analysis of excess fuel usage.

5.7 Status of Agreed Audit (Management) Actions - as at 30 August 2024

ARIC discussed the outstanding actions and noted the pleasing results of audit actions being finalised and progressed during the reporting period.

Resolution

The ARIC:

1. Received the report providing an update on the status of agreed audit actions (overdue and completed items).
2. Agreed that dates should be reviewed and changed where appropriate.
3. Agreed that agreed management actions (AMAs) are either retired or collapsed with later audits to ensure actions are not duplicated in the report, and that this should be noted in the update provided for retired/closed AMAs.

5.8 Delegations Update

ARIC noted and discussed:

- The verbal update to the report, noting that all delegations resting with managers, coordinators and authority to enter land has been 100% completed, team leaders and the regulatory/compliance

- delegations are 97% and 98% complete.
- The review of delegations provides an opportunity to ensure:
 - that all current staff with financial delegated authority understand their delegations and when they can use that delegation; and,
 - new staff understand their financial delegations as part of the onboarding/induction process.
 - Development of a documented process to ensure that new starters receive their delegation and authorities in a timely manner.
 - Ensure that the onboarding process includes the requirement to notify the Governance, Finance and Digital Team so that correct delegations and authorities are issued and updated in the financial system. in a timely manner.

Resolution

1. The report on the progress of the delegations project was received and noted.
2. An update regarding training for those officers with financial delegations is to be provided to the December ARIC meeting.

5.9 Event Management Update

ARIC noted and discussed the:

- Progress report on the internal audit of Public Events Management and that the revised approach extends beyond the original audit objectives.
- Development and implementation of an Events Management Framework which will include an events management policy, internal operational processes and an events guide.

Resolution

1. ARIC noted the information provided and progress being made with the event management agreed management actions (AMAs).
2. Agreed that new actions should be included in the reporting system. and that the existing AMAs and timeframes can be reviewed and updated, by either retiring or collapsing original actions and mapping them to the corresponding new actions.

5.10 Climate Change Adaptation Update

ARIC noted and discussed:

- That the timeframe for the agreed management actions (AMAs) arising from the Climate Change Adaptation audit in relation to the development of a climate strategy (AMA 3 and 4) will be pushed out to late 2025 due to the Canberra Region Joint Organisation (CRJO) funding received from Sustainable Australia.
- The CRJO project funding has added to the \$25K provided by Council to undertake data measurement and capture to assist with determining QPRC future state in 2030, 2050 and 2070.
- Scope 1 and 2 of the project will be funded and managed with the CRJO with Scope 3 being funded and managed by Council.

Resolution

1. ARIC noted the information and progress being made with the climate change adaptation AMAs.
2. That the Director Planning and Environment will review the timeframes and achievable actions (to demonstrate progress being made) to meet the relevant AMAs discussed.

6. REPORTS TO ARIC - ITEMS FOR INFORMATION**6.1 CFO Status Report - September 2024**

The ARIC commended the CFO and her team on the improvements that have been made and noted that:

- stronger cash flow monitoring and reporting processes have been developed,
- a more proactive approach is being taken to the recovery of debts in relation to rates with the negotiation of payment plans and monitoring progress of payments,
- the sale of properties for unpaid rates timeline has been pushed back to April 2025 with some outstanding rates being paid on receipt of letters re sale of properties, and
- staffing continues to be an issue with recent departures, however the financial controller role has recently been filled.

Resolution

1. ARIC received the CFO Status Report for September 2024 received for information.
2. The CFO to include commentary in the next ARIC update on the status of debtors and what percentage or amount is likely to be recovered during the reporting period.
3. A verbal update in relation to funding of the Abbeyfield (Senior's Housing Project) development in Bungendore to be provided for the December ARIC meeting.

6.2 ICT Report to ARIC – September 2024

ARIC noted that:

- Regular email phishing exercises are conducted.
- All new staff and staff that fail the phishing test must undertake cyber awareness training within seven days. If the training is not undertaken within the timeframe their access is disabled until such time training is completed.
- There is a process to provide different mock phishing emails on different subjects to reduce the amount of sharing of information within teams.

Resolution

The ARIC received and noted the ICT Report to September 2024 for information.

6.3 Bi-Annual Compliance Reporting**Resolution**

ARIC noted the report submitted on Compliance and Reporting Activities for the six-month period from 1 January 2024 – 30 June 2024.

6.4 Legal Matters Update - 1 January 2024 - 30 June 2024**Resolution**

ARIC received the Legal Matters Update – 1 January to 30 June 2024 report.

6.5 ARIC Charter Annual Review - September 2024

The ARIC discussed their financial obligations under the new guidelines and the role that the Financial Statements Sub-Committee currently plays.

Resolution

The ARIC:

1. Endorsed the ARIC Charter for Council adoption.
2. Will provide the CFO with guidance in relation to the quarterly reporting ARIC requires to fulfill their financial obligations under the legislation.
3. Will determine what role the Financial Statements Sub-Committee plays, given that the ARIC cannot delegate its legislative obligations to a sub-committee. To be determined at the next ARIC meeting.

6.6 Chair Annual Report 2024**Resolution**

That the Chair's report was received for information and for inclusion in the QPRC Annual Report for 2023/24, in addition to being presented to Council at its meeting of 13 November 2024.

6.7 Local Government Audit Risk and Improvement Leadership Forum**Resolution**

ARIC received the report on the LG AR&I Leadership Forum for information.

7. SENIOR MANAGEMENT PRESENTATIONS

Ruth Ormella – Director Planning and Environment – Development Applications and Ministerial Expectations

The ARIC thanked the Director for her presentation.

8. GENERAL BUSINESS

No further General Business.

There being no further business, the meeting was declared closed at 1.07pm.