

DRAFT MINUTES

**MINUTES OF THE RISK MANAGEMENT AND AUDIT
COMMITTEE MEETING OF THE LITCHFIELD COUNCIL
HELD ON TUESDAY 7 March 2017
AT COUNCIL CHAMBERS, BEES CREEK ROAD, FRED'S PASS**

Present:	Iain Summers	Chairperson
	Kirsty Hunt (Councillor)	Committee Member
	Letchimi Wright (Councillor)	Committee Member
Staff:	Kaylene Conrick	Chief Executive Officer
	David Jan	Acting Director Community and Corporate Services
	Karina Gates	Finance Manager

1. OPENING OF MEETING:

The Chairperson, Iain Summers opened the Meeting at 5.05 p.m.

2. APOLOGIES AND LEAVE OF ABSENCE:

3. CONFIRMATION OF MINUTES:

Noted the report to Council at the meeting held 18 January 2017

THE COMMITTEE resolved that the minutes of the Risk Management and Internal Audit Committee Meeting held Tuesday 24 October 2016, 4 pages, are confirmed.

MOVED: Cr Hunt

SECONDED: Cr Wright

CARRIED

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4. BUSINESS ARISING FROM THE MINUTES:

29/10/2015 – Item 9.3 Internal Audit Committee Performance.

No progress to date. To be actioned before the Council elections in August 2017.

24/10/2016 – Item 9.1 Risk Management Framework

This item needs to be moved on as a priority, and an update provided at the next meeting.

Recommendation

That the committee notes the updates for previous business and resolves to remove completed items

MOVED: Cr Hunt

SECONDED: Cr Wright

CARRIED

5. CONFLICT OF INTEREST:

Nil

6. PRESENTATIONS:

Meeting by phone between RMAC (without Council management personnel present) and representatives from UHY.

The Council's responses to the UHY management letter were discussed.

The CEO and staff members left the meeting, allowing Committee members to meet with representatives of UHY Haines Norton. The UHY representatives participated by telephone from Adelaide. Matters discussed included the issues raised by the auditors in their management letter to the Committee of 12 December 2016, and the responses provided by the CEO on 20 January 2017. The UHY representatives were generally satisfied with the responses, although suggested that they still had differing views on two items. The Committee undertook to discuss these with the management representatives when they rejoined the meeting. The Committee provided feedback to the auditors that issues included in management letters are expected to include commentary about significant items impacting on financial reporting, such as infrastructure valuations, useful life assessments used in depreciation calculations, risks from the financial sustainability of the Thorak

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Cemetery operations, and the effect of new Accounting Standards, such as the Related Party Disclosures, which will introduce a significant new requirement for Councillors and senior staff members. The auditors acknowledged that this type of information would be provided in letters to the Committee in future.

The auditors recognised the significant recent improvement in management capability and performance, and in particular, financial management capability, but highlighted the risk arising from Council's limited staffing levels. This entails a high workload for the Finance Manager, and that impacts on the Council's readiness for the audit.

The Committee outlined that the appointment of the external auditor for the 2016/17 year was to be discussed later in its agenda, and a recommendation would be made to the Council. UHY representative confirmed that they were interested in being engaged again, and that their fee would be set using similar arrangements as applied in past years.

The Committee invited the CEO back into the meeting, and discussed the limited financial management staffing capacity. The CEO identified that she had arranged for assistance from the City of Palmerston Council to address this risk.

The A/Director Community and Corporate Services and the Finance Manager re-joined the meeting, and were briefed on the discussion with the auditors.

7. **ACCEPTING OR DECLINING LATE ITEMS:**

NIL

8. **NOTICES OF MOTION:**

Nil

9. **OFFICERS REPORTS AND ITEMS FOR DISCUSSION**

9.1 Response to Audit Management Letter & 9.2 Audit Register – Management Letter Response Evidence.

RMAC discussed the management letter with UHY, who are happy with the response from management regarding the controls put in place.

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RMAC are very appreciative of the level of detail provided for evidence in support of the management responses.

MOVED: Cr Hunt
SECONDED: Cr Wright
CARRIED

9.3 Internal Audit Plan

Need to include what risk the internal audit is addressing.

ACTION: To bring the incoming mail process maps to the next meeting.

Noted that the audit of capital works payment of invoices is a review as opposed to an audit, is not independent and should be part of the mitigation column of the risk register.

Internal Audit activities need to refer to the controls in the risk register that are being tested.

Procurement Audit – TOR to include a risk rating or prioritisation of the recommendations and should be linked to the risk register, requesting an opinion on the Council’s residual risk rating.

ACTION: Scope should be sent to RMAC Chair for comment.

ACTION: need a three-year plan for internal audits.

The compliance checklist is a control whose effectiveness could be included in the internal audit plan.

RMAC notes that the compliance register is functioning and that there are some outstanding items being addressed.

MOVED: Cr Hunt
SECONDED: Cr Wright
CARRIED

9.4 Risk Management and Audit Committee Workplan

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RMAC accepted the proposed topics and timing of issues being scheduled for the further meetings in 2017. The Questionnaire process for review of the audit committee's performance will be similar to the City of Darwin process. To be distributed 1 month in advance of July RMAC meeting.

MOVED: Cr Wright

SECONDED: Cr Hunt

CARRIED

9.5 Berry Springs Waste Transfer Station (WTS) Report.

ACTION: Transfer items to the WTS risk register (to existing controls, or to mitigations in progress)

MOVED: Cr Hunt

SECONDED: Cr Wright

CARRIED

10 OTHER BUSINESS

Nil

11 CONFIDENTIAL ITEMS

Moved to confidential items

MOVED: Cr Hunt

SECONDED: Cr Wright

CARRIED

Meeting closed at 1847

11.1 Confidential – Project Anthe, forensic investigation

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the following Confidential Item.

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Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.

11.2 External Auditor tender process

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the following Confidential Item.

Regulation 8(c)(iv) Reason - information that would, if publicly disclosed, be likely to prejudice the interest of the council or some other person.

Recommendation

That RMAC recommend reappointment of UHY for the 2016/2017 financial year subject to fees remaining within the range of previous levels.

That a new tender process be commenced by December 2017, to be effective commencing from the 2017/18 financial year.

That this resolution is included in the open minutes.

MOVED: Cr Wright

SECONDED: Cr Hunt

CARRIED

Meeting reopened 1920

12 CLOSE

The next meeting was scheduled for the morning of 11 July 2017 with.

Future meetings set for

10 October 2017

5 December 2017

The meeting closed at 7.30pm.

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