



MINUTES

Audit and Risk Committee Meeting

(Subject to confirmation)

27 February 2024

**MINUTES OF YORKE PENINSULA COUNCIL
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBER , MINLATON TOWN HALL, 57 MAIN STREET, MINLATON
ON TUESDAY, 27 FEBRUARY 2024 AT 3:03PM**

1 WELCOME BY CHAIRPERSON

Chair Rob Reiman welcomed everyone to the meeting and declared the meeting open.

2 PRESENT

Chair Rob Reiman, Member Hussain Rafeeu (via Microsoft Teams), Member Sarah Beesley.

In Attendance

Mayor Darren Braund, Andrew Cameron (CEO), Ben Thompson (Director Corporate and Community Services), Daniel Griffin (Manager Financial Services), Carina Congdon (Team Leader HR & People Experience) and Lauren McSkimming (Minute Secretary).

3 LEAVE OF ABSENCE

Nil

4 APOLOGIES

Cr Adam Meyer, Cr Tania Stock and Bobbi Pertini (Manager People, Culture and Safety).

5 CONFLICT OF INTEREST

Chair Rob Reiman reminded all Members of the requirement to disclose any conflict of interest in relation to any matters before Council.

Nil

6 MINUTES OF PREVIOUS MEETING – FOR CONFIRMATION

COMMITTEE RESOLUTION

Moved: Member Sarah Beesley

Seconded: Member Hussain Rafeeu

That the minutes of the Audit and Risk Committee Meeting held on 5 December 2023 be confirmed.

CARRIED 001/2024 (27/02/2024)

7 VISITORS TO THE MEETING

Nil

REPORTS

8 NEW BUSINESS

8.1 AUDIT AND RISK COMMITTEE NEW REPORTING REQUIREMENTS

PURPOSE

To inform the Audit and Risk Committee of the introduction of a new reporting requirement introduced into the Local Government Act 1999, effective from 30 November 2023, that requires a report to Council summarising the work performed after each Audit and Risk Committee meeting and also on an annual basis.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman

Seconded: Member Sarah Beesley

That the Committee endorse:

1. The reporting methodology as outlined in this report; and
2. The draft Audit and Risk Committee report to Council for the period 30 November 2023 to 26 February 2024 as presented.

CARRIED 002/2024 (27/02/2024)

Chair Rob Reiman clarified the reason for this report, as at the meeting in December he suggested the Committee could deliver the minutes to Council, as done previously. However, with discussion with other Audit and Risk Committee members, this wasn't the case. Mitcham Council sought legal advice which indicated that more would be required than just the minutes from the meeting. Chair Rob Reiman provided staff an example of a report from Mid Murray Council prior to the meeting and staff took reference from that.

8.2 TERMS OF REFERENCE REVIEW

PURPOSE

For the Audit and Risk Committee to review its Terms of Reference for recommendation to Council and in response to recent legislative changes to the Local Government Act 1999.

COMMITTEE RESOLUTION

Moved: Member Hussain Rafeeu

Seconded: Member Sarah Beesley

That the Audit and Risk Committee recommend the proposed updated Terms of Reference for the endorsement of Council as presented.

CARRIED 003/2024 (27/02/2024)

Member Sarah Beesley sought clarification on what the major changes were to the new Terms of Reference being presented. Manager Financial Services indicated that changes made were in accordance with LGA guidance material and that changes of note included those around Committee membership and scope increases to include internal audit and risk to address legislative amendments. However, noted that a more in-depth update will be brought to the Committee with suggestions and options in the annual reporting period of the Committee.

Member Hussain Rafeeu congratulated staff on a very comprehensively written Terms of Reference and suggested one minor change under financial reporting 2.3.1. Suggesting changing the word “monitor” to “consider”. Staff to make this change prior to Council endorsement.

Chair Rob Reiman requested staff to send a copy of the LGA Paper to each member as a courtesy. Manager Financial Services to provide a copy when the minutes are distributed.

8.3 CONSULTATION REPORT ON APPOINTING PERSON PRIMARILY RESPONSIBLE FOR THE INTERNAL AUDIT FUNCTION

PURPOSE

To facilitate consultative consideration of the appointment of the Chief Executive Officer (CEO) as the “person primarily responsible for the Internal Audit Function” by the Audit and Risk Committee (Committee) in accordance with section 125A of the Local Government Act 1999.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman

Seconded: Member Sarah Beesley

That the Audit and Risk Committee note, in accordance with the requirement of section 125A of the Local Government Act 1999, that the CEO intends to self-appoint as the “person primarily responsible for the Internal Audit Function”, in consideration of feedback from the Audit and Risk Committee.

CARRIED 004/2024 (27/02/2024)

Member Hussain Rafeeu expressed his concerns with the proposed internal audit process as outlined in the tabled report and advised he’s not comfortable as it stands. Whilst conceding that the proposal does not contravene the legislation, Member Rafeeu noted that it was not in accordance with best practice, nor was it in keeping with the New International Internal Audit Standards (Standard 7.1). Member Hussain Rafeeu stated that the person primarily responsible for the internal audit function should be independent of senior management, and that this was his main objection to the proposed action as it stands.

Chair Rob Reiman commented that the new legislation presumes a “one size fits all” approach to internal audit oversight, which simply does not easily translate into standardised procedures in the case in regional councils where resources are stretched. Chair Rob Reiman was supportive of the proposed action and advised the Committee that it is compliant with the new legislation changes.

Manager Financial Services commented that the CEO is providing assurance to the Committee and not to himself, and that the recommendation is a continuation of current practice and complies with the new legislation. He further noted that the CEO is not required to consult with the Committee in relation to persons assisting the CEO in his oversight of the internal audit function whether they be internal or external to Council.

Member Sarah Beesley did not have any concerns regarding the proposed action on internal audit while Member Hussain Rafeeu requested it be noted on record that he is not supportive of the proposed direction as detailed in the report. The resolution to note the report was carried on a split decision with Member Rafeeu voting against.

8.4 SCHEDULED POLICY AND PROCEDURE REVIEW REGISTER

PURPOSE

To provide the Audit and Risk Committee with a Policy and Procedure Review Register informing of proposed review dates for draft policies and procedures, relevant to the Audit and Risk Committee.

COMMITTEE RESOLUTION

Moved: Member Hussain Rafeeu
Seconded: Chair Rob Reiman

That the Audit and Risk Committee receive the Policy and Procedure Review Register.

CARRIED 005/2024 (27/02/2024)

Member Hussain Rafeeu questioned whether all Policies come to the Audit and Risk Committee. CEO advised that not every Policy of Council comes through the Committee, it's only the Policies that affect the Committee. Member Hussain Rafeeu suggested reviewing the Policies that are scheduled in light of the new Terms of Reference. Staff to consider.

Member Sarah Beesley sought clarification if Staff had considered the workload of updating these Policies as there were a lot in one department. The CEO advised that the plan was distributed to staff to review to take in the consideration of workload, however the register is a living document and can be amended as needed.

8.5 INTERNAL AUDIT ACTIVITY REPORT

PURPOSE

To provide the Audit and Risk Committee with an update on the recent Internal Audit activity.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman
Seconded: Member Hussain Rafeeu

That the report be received.

CARRIED 006/2024 (27/02/2024)

The CEO provided a verbal update to the Committee in relation to his Corporate Credit Card purchases and advised in the middle of last year one of the Directors retired, where their corporate credit card needed to be cancelled. When the paperwork was sent to PCU for cancellation, the financial institution accidentally cancelled the CEO's card instead. It took several months to have his card reinstated and the issue rectified.

8.6 NEW GLOBAL INTERNAL AUDIT STANDARDS

PURPOSE

To inform the Audit and Risk Committee members of the new Global Internal Audit Standards and the transition period for implementation.

COMMITTEE RESOLUTION

Moved: Member Sarah Beesley
Seconded: Member Hussain Rafeeu

That the report be received.

CARRIED 007/2024 (27/02/2024)

Member Hussain Rafeeu queried who had been participating in the webinars and if it included the senior management. The CEO advised that no senior management participated, it was staff who assist with the internal audit function of Council.

8.7 CYBER SECURITY - PENETRATION TESTING FEBRUARY 2024

PURPOSE

To inform the Audit and Risk Committee of the outcomes, and subsequent remediation actions, relating to Council's recent independent cyber security penetration testing and risk assessment.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman
Seconded: Member Hussain Rafeeu

That the report be received.

CARRIED 008/2024 (27/02/2024)

Director Corporate and Community Services provided a verbal update to the report as key changes had been made in relation to the remediation.

Member Sarah Beesley sought clarification on Council's Cyber Security Policy and Working from Home Policy, as to what measures are in place. Director Corporate and Community Services advised that majority of Council programs have MFA but highlighted that it's an ongoing issue.

8.8 AUDIT AND RISK COMMITTEE WORK PLAN 2024-2025

PURPOSE

To consider and endorse the updated Work Plan for 2024-2025.

COMMITTEE RESOLUTION

Moved: Member Sarah Beesley
Seconded: Member Hussain Rafeeu

That the Audit and Risk Committee endorse the updated 2024-2025 Work Plan.

CARRIED 009/2024 (27/02/2024)

Chair Rob Reiman advised the Staff that the format of the workplan is easy to read and quick to identify if there's any issues.

Member Hussain Rafeeu sought clarification on activity 6.3 CEO annual report on Council's internal audit processes, and whether the report would be for the financial year. Manager Financial Services advised; the report would be for the 2023/2024 financial year.

8.9 DECEMBER QUARTERLY BUDGET REVIEW 2023-2024

PURPOSE

To receive Council's endorsed December quarterly budget review (as at 31 December 2023) for Council's 2023/2024 Budget and associated financial statements, ratios and changes.

COMMITTEE RESOLUTION

Moved: Member Sarah Beesley
Seconded: Member Hussain Rafeeu

That the Audit and Risk Committee receive the endorsed 2023/2024 December Budget Review changes as presented in the attached Summary of Changes, Statement of Comprehensive Income and Uniform Presentation of Finances and receive the updated Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and Financial Indicators (Ratios).

CARRIED 010/2024 (27/02/2024)

Manager Financial Services advised the Committee the report had already passed through Council and provided a verbal update to the report.

Member Sarah Beesley sought clarification on the free of charge assets and the associated income. Manager Financial Services and the CEO provided clarification and advised the main reason community groups seek to gift asset to Council is their inability to obtain appropriate public liability insurance cover once purchased/constructed.

Member Hussain Rafeeu questioned the operating surplus position and if there are plans in place to reach the target level. Manager Financial Services advised it's hard to determine where Council will exactly land with the operating surplus as there's a number of capital projects in progress, grant funding variations requests yet to be finalised and costs in relation to illegal dumping clean up yet to be determined.

8.10 POLICY REVIEW - PO088 ELECTED MEMBER USE OF COUNCIL SUPPLIED ELECTRONIC EQUIPMENT POLICY

PURPOSE

To seek endorsement of the proposed updated PO088 Elected Member Use of Council Supplied Electronic Equipment Policy.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman
Seconded: Member Hussain Rafeeu

That the Audit and Risk Committee endorse the proposed updated PO088 Elected Member Use of Council Supplied Electronic Equipment Policy and recommend to Council that it be adopted as presented.

CARRIED 011/2024 (27/02/2024)

8.11 POLICY REVIEW - PO124 ASSET ACCOUNTING POLICY

PURPOSE

To seek endorsement of the proposed updated PO124 Asset Accounting Policy.

COMMITTEE RESOLUTION

Moved: Member Hussain Rafeeu

Seconded: Chair Rob Reiman

That the Audit and Risk Committee endorse the proposed updated PO124 Asset Accounting Policy and recommend to Council that it be adopted as presented.

CARRIED 012/2024 (27/02/2024)

8.12 REPORT ON EXCESS ANNUAL LEAVE ENTITLEMENTS - FEBRUARY 2024

PURPOSE

To provide an update to the Audit and Risk Committee on the current annual leave management processes.

COMMITTEE RESOLUTION

Moved: Member Sarah Beesley

Seconded: Member Hussain Rafeeu

That the report be received.

CARRIED 013/2024 (27/02/2024)

Member Sarah Beesley commended Team Leader HR & People Experience on the reduction to excess leave entitlements achieved since the last report was issued.

8.13 POLICY REVIEW - PO177 YP LEISURE OPTIONS WORKER SCREENING REQUIREMENTS

PURPOSE

To seek endorsement on the proposed updated PO177 YP Leisure Options Worker Screening Requirements Policy.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman

Seconded: Member Sarah Beesley

That the Audit and Risk Committee endorse the proposed updated PO177 YP Leisure Options Worker Screening Requirements Policy and recommend to Council that it be adopted as presented.

CARRIED 014/2024 (27/02/2024)

8.14 POLICY REVIEW - PO173 LEAVE MANAGEMENT POLICY

PURPOSE

To seek endorsement on the proposed updated PO173 Leave Management Policy.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman

Seconded: Member Hussain Rafeeu

That the Audit and Risk Committee endorse the proposed updated PO173 Leave Management Policy and recommend to Council that it be adopted as presented.

CARRIED 015/2024 (27/02/2024)

8.15 POLICY REVIEW - PO014 EMPLOYEE BEHAVIOURAL STANDARDS POLICY

PURPOSE

To seek endorsement on the proposed updated PO014 Employee Behavioural Standards Policy.

COMMITTEE RESOLUTION

Moved: Chair Rob Reiman

Seconded: Member Hussain Rafeeu

That the Audit and Risk Committee endorse the proposed updated PO014 Employee Behavioural Standards Policy and recommend to Council that it be adopted as presented.

CARRIED 016/2024 (27/02/2024)

8.16 LONG TERM FINANCIAL PLAN - ANNUAL REVIEW

PURPOSE

To update the Audit and Risk Committee (Committee) on the annual review of Council's current Long Term Financial Plan 2024-2033 (LTFP).

COMMITTEE RESOLUTION

Moved: Member Hussain Rafeeu

Seconded: Member Sarah Beesley

That the report be received, and the revised Long Term Financial Plan 2025-2034 be recommended to Council for endorsement.

CARRIED 017/2024 (27/02/2024)

4.22pm – 4.46pm - Manager Financial Services provided a presentation to support Agenda Item 8.16 Long Term Financial Plan – Annual Review.

4.45pm – Director Corporate and Community Services left the meeting.

4.48pm – Director Corporate and Community Services returned to the meeting.

Chair Rob Reiman request a copy of the presentation be circulated with the minutes. Staff to provide a copy as requested.

Member Hussain Rafeeu queried the relationship between the Strategic Management Plan (SMP) and Long Term Financial Plan (LTFP). As the SMP is expiring in 2025, whereas the LTFP is a 10-year plan. Manager Financial Services advised the SMP is about commence a review, in line with legislative requirements, and if there are any major changes, the LTFP will be updated as necessary.

Member Hussain Rafeeu queried whether Council had commenced a rate modelling review and assessment. Manager Financial Services advised Council are currently undertaking an independent rate review with the Elected Members.

Member Sarah Beesly queried the 32 million dollars in transport asset backlog, how does this work and what is being done to address it. Manager Financial Services advised the asset renewal backlog occurs on expiry of an asset within the asset register and that this usually indicates that the service provided by the asset is longer to standard or exhausted. Where assets are not renewed strictly in accordance with Asset Management Plan (AMP) projections backlog arises. The backlog reported is likely to reflect delayed renewal of lower use roads as Council's road renewal priority has been weighted towards the renewal of high and medium use roads. Manager Financial Services noted that transport assets are currently going through revaluation which will likely see a recategorisation of the roads and will include a review of the remaining life of these assets

4.59pm – Member Sarah Beesly left the meeting.

4.59pm - Chair Rob Reiman advised the meeting will pause until Member Sarah Beesly returns to the Chamber as the meeting cannot proceed due to no quorum.

5.02pm – Member Sarah Beesly returned to the meeting.

5.02pm – Chair Rob Reiman advised the meeting will recommence.

9 NEW AND EMERGING RISKS / ISSUES

Nil

10 GENERAL BUSINESS

Nil

11 NEXT MEETING

Tuesday 28 May 2024

12 CLOSURE

The Meeting closed at 5.03pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee Meeting held on 28 May 2024.

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CHAIRPERSON