

REPORT OF THE AUDIT RISK AND IMPROVEMENT COMMITTEE

For the financial year ended 30 June 2017

This report is submitted to the Mayor and Councillors of the Tweed Shire Council to report on the activities of the Audit Risk and Improvement Committee (the Committee) for the financial year ended 30 June 2017.

Role of the Committee

The Committee was formerly named the Audit Committee. Following legislative changes in August 2016, the name of the Committee was changed to the Audit Risk and Improvement Committee and additional responsibilities were vested on the Committee. No formal guidance has been provided by Legislators or the Office of Local Government at this time on the application of the additional responsibilities

Members of the Committee

The Committee comprised the following members during the financial year:

Mr Colin Wight	Chairman and Independent member
Mr Andrew MacLeod	Independent member [appointed <i>February 2017</i>]
Mr Brian Wilkinson	Independent member [appointed <i>February 2017</i>]
Mr Ross Bell	Independent member [until 19 October 2016]
Mr Keith Blinco	Independent Member [until 19 October 2016]
Cr James Owen	Councillor member [appointed <i>February 2017</i>]
Cr Warren Polglase	Councillor member [appointed <i>February 2017</i>]
Cr Carolyn Byrne	Councillor member [until 19 October 2016]
Cr Barry Longland	Councillor member [until 19 October 2016]

Committee Operations

The Committee operates under the Charter determined by the Tweed Shire Council. It is advisory in nature and has no executive powers other than as expressly provided by the Council

The Committee met on 19 October 2016, then ceased to operate due to the election of Councillors. Following the election, a new Committee was appointed and commenced to operate in February 2017.

The Committee met on five occasions during the year. Where appropriate and at the invitation of the Chairman, Council officers attended the meetings to assist the Committee in undertaking its role. Representatives of the external auditors are invited to all meetings and attended most in person or by telephone

Formal reports have been submitted to the Committee on matters requested and an open dialogue has existed between all parties.

The Committee liaises closely with the Internal Auditor who attends all Committee meetings and plays an integral role in assisting the Committee.

The Committee has reviewed and considered whether:

1. Risk Management

- Management through its Enterprise Risk Management Committee has in place a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud.
- There has been a sound and effective approach followed in developing strategic risk management plans for major projects or undertakings.

2. Control Framework

- Management has adequate internal controls in place, including covering external parties such as contractors and advisors;
- Management has in place relevant policies and procedures, which are periodically reviewed and updated with appropriate processes in place to ensure they are complied with;
- Management has taken steps to embed a culture committed to ethical and lawful behaviour. Internal and external auditors' review of internal controls over financial reporting has been performed satisfactorily with reports on findings and recommendations together with managements responses reviewed.
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3. External Audit and Accountability Processes

- The annual financial statements comply with applicable Australian Accounting Standards and are supported by appropriate management controls.
- The external audit opinions on the annual financial statements were provided to the Audit Committee.
- The external auditor's provided adequate information to the Audit Committee on the annual financial statements.
- Significant issues raised in previous years by the external auditors were satisfactorily dealt with.

4. Legislative Compliance

- Management had appropriately considered legal and compliance risks as part of the risk assessment and management processes.
- The systems for monitoring compliance with relevant laws, regulations and associated government policies have been effective.
- The process of communicating the Council's Code of Conduct and other corruption resistance controls to personnel, and for monitoring compliance therewith has been followed.

5. Internal Audit

- The Annual Audit Plan was risk based and prepared in accordance with both the 'International Standard ISO 31000:2009(E) Risk Management - Principles and guidelines' and the Institute of Internal Auditor's (IIA) International Professional Practices Framework (IPPF).

- Audit reports, with particular reference to significant issues identified with remedial actions taken including identification and dissemination of better practices have been satisfactorily dealt with.
- Appropriate organisational structures, authority, access and reporting arrangements were in place.
- The internal auditor had provided the External Auditor with copies of all internal audit reports.
- The role of Internal Audit for the financial year has been performed satisfactorily as measured against agreed key performance indicators.

6. Annual Financial Statements

The Committee has reviewed the draft financial statements which were tabled at its meeting on 17 October, 2017. A number of matters were discussed and it was agreed with management and the external auditors that amendments will be made. Those amendments are reflected in the financial statements presented to Councillors.

CONCLUSION

Based on the work done by the Committee during the financial year, there is one matter the Committee refers to Council:

The Committee expressed concern in its report for the financial year ended 30 June 2015, that Risk Management was deficient at the organisational level. Actions were taken by management resulting in significant development in the financial year ended 30 June 2016 and this process has continued during the current financial year.

There are no other material matters or exceptions that the Committee reports to the Council.



Colin Wight
Chairman
Tweed Shire Council Audit Risk and Improvement Committee

19 October 2017