

REPORT OF THE AUDIT RISK AND IMPROVEMENT COMMITTEE

For the financial year ended 30 June 2019

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 2019.

Role of the Committee

In July 2017 an amended Audit Risk and Improvement Committee Charter was adopted; that stated the Objective of the Committee is to provide independent assurance and assistance to Council on risk management, control, governance and external accountability responsibilities. In addition, the Committee Objective states that the Committee will provide information to the Council for the purpose of improving the Councils' performance of its' functions.

The Committee guides its' focus on the defined role via the establishment of Committee Calendar which identifies the tasks of the Committee and the timeframes for same.

The following functions of Councils' operations are part of the Committees' objective and focus:

Compliance, Risk Management, Fraud Control, Financial Management, Governance, Implementation of the strategic plan, delivery program and strategies, Service reviews, Collection of performance measurement data by Council, any other matters prescribed by the regulations.

Membership 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
Mr Brian Wilkinson	Independent member
Cr James Owen	Councillor member
Cr Warren Polglase	Councillor member

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 Meeting Agenda items are linked to and guided by the Objectives of the Audit Risk and Improvement Committee described in the Committee Charter.

The Committee met on six occasions during the year ended 30 June 2019. 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 a range of comprehensive reports through the 2018/19 financial year; the following comments are provided in regard to various aspects of Councils' operation and the role undertaken by the Committee:

1. 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.
- The Committee has received and considered regular reports on the review and update of Council policies, statutory compliance and also the review of delegations (with particular focus on procurement)

2. Risk Management

- Management through its Enterprise Risk Management Committee has continued to advance the improvement of the risk management culture and processes; a current and comprehensive risk management framework, and associated procedures for effective identification and management of business and financial risks, including fraud is continuing to develop
- The minutes of the Enterprise Risk Management Committee are reported to the Audit Risk and Improvement Committee and enables that Committee to monitor progress and issues
- As part of the Risk Management processes reports are received on the ERM Action Plan, and related policy and protocol updates; Business Continuity Planning action has been reported to the Committee
- The Committee is of the view that the Risk and Audit Maturity of Council has a solid basis and is being developed as part of management processes
- A presentation was provided to the Committee on the Industry Central Land Swap
- The Committee has received regular reports on Contracts in Excess of \$150,000, the Status of Insurance Claims, and the Legal Services Register. In that regard the Committee has noted that there are a number of legal matters relating to development matters that impact on finances.

3. Fraud Control

- 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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- 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.
- As part of the Internal Audit function reports have been considered on Internal Audit Charter Review, the Internal Audit Operations Plan, the Internal Audit Annual Report, Review Performance and Resourcing of Internal Audit, and the use of Audit Analytics
- The Committee was able to monitor the progress of Internal Audits via regular status reports on progress with internal audit recommendations
- The status of internal audits are regularly reported to and monitored by the Committee
- The Annual Internal Audit Operations Plan guides the areas of internal audits and in the past year has included the Anchorage Boardwalk Project, Weighbridge operations, Dreamtime beach, access to Roads and Maritime Services information, Active Directories, CCTV and Residential Properties

4. Financial Management

- 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 Committee.
- The external auditor's provided adequate information to the Committee on the annual financial statements.
- Significant issues raised in previous years by the external auditors were satisfactorily dealt with.
- The Committee is kept informed of financial management matters via Quarterly Reviews, Monthly Investment Reports, and information relating to the financial statement timetable, and external auditor correspondence
- During the year ended 30 June 2019 the Committee were kept informed of the Tweed Holiday Parks Consolidation
- A specific meeting of the Committee was held to consider the annual financial statements

5. Governance

- Management have provided the Committee with the External Audit Plan and the Auditors' Engagement
- Reports from the External Auditor have been received and reviewed and there has been ongoing communication with external auditors via presentation to and discussions with the Committee
- During the year the committee considered reports from the Audit Office of NSW - including Shared Services and Fraud Control

6. Implementation of Strategic Plan, Delivery Program and Strategies

The Committee received regular reports relating to Performance Planning, Delivery Program and Operational Plan. The status of strategic plan implementation was considered via Quarterly performance reports, Six Monthly Progress Report and related financial information. Information relating to the Councils' Annual Report was provided to the Committee.

Those reports provided evidence to the committee that a structured and comprehensive process is in place to guide Councils' Strategic Planning and Operational Delivery.

7. Service Reviews

The Committee is not aware of any specific Service Reviews undertaken during the year ended 30 June 2019.

8. Collection of Performance Measurement Data by Council

The Committee notes that Performance Measurement Data is provided by Council as part of the Integrated Planning and Reporting Processes (including the annual report). The committee has received regular reporting in this regard and is satisfied that Council is meeting its' requirements.

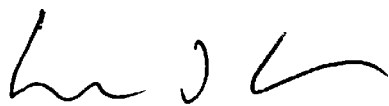
9. Other Matters

- The Committee established an annual Committee calendar to guide its' operations
- A review of the Committees' performance and a Committee Annual Report were prepared and reported
- The Committee Chair liaised regularly with Council Staff and reported on attendance at the ARIC Chairs Annual Forum facilitated by the Audit Office NSW

- In June 2019 the Committee Chair attended a workshop with Councillors.

CONCLUSION

Based on the work done by the Committee during the financial year, there is no specific material matters or exceptions that the Committee considers it necessary to advise Council.



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Colin Wight
Chairman
Tweed Shire Council Audit Risk and Improvement Committee

19 November 2019