

ALICE SPRINGS TOWN COUNCIL
RISK MANAGEMENT AND AUDIT COMMITTEE MEETING
MINUTES OF MEETING
HELD MONDAY, 14 MAY 2018 AT 12:00 NOON
ARUNTA ROOM, CIVIC CENTRE

PRESENT:

Iain Summers (*Chair*)
Mayor Damien Ryan
Deputy Mayor Jamie de Brenni
Councillor Marli Banks
Councillor Jimmy Cocking
Councillor Jacinta Price

OFFICERS:

Rex Mooney, Chief Executive Officer
Scott Allen, Director Technical Services
Biggi Gosling, Acting Director Corporate and Community Services
Dinesh Pillay, Director Finance
Stephanie Dominguez, Acting Executive Assistant (*Minutes*)

The meeting opened at 12:02 pm.

1. **APOLOGIES:**

Natasha Taylor, Risk and Compliance Officer

2. **CONFLICT OF INTEREST DECLARATION**

Nil

3. **MINUTES OF THE PREVIOUS MEETING**

RECOMMENDATION:

That it be a recommendation to Council:

That the minutes of meeting held 12 March 2018 be confirmed as a true and correct record of the proceedings of that meeting.

Moved: Mayor Ryan
Seconded: Councillor Cocking

4. **BUSINESS ARISING FROM THE PREVIOUS MINUTES**

4.1 Draft Internal Audit Charter

The Committee noted the Draft Internal Audit Charter document and discussed amendments required.

The Chair explained an internal audit is used by management to review how well the controls in the risk registers are functioning, and that the internal audit charter is used to determine the standards of performance for an internal audit.

Mayor Ryan enquired about the proposed funds allocated in the 2018/2019 budget, and if the amount would be adequate for this process to be completed. The Director Finance confirmed funds have been allocated in the 2018/2019 budget which would be reviewed in following years. The Chair agreed the allocated amount would be appropriate for the first year of the task required.

ACTION:

To review the section under section **4. Scope of internal audit activities** and remove the words 'either' and 'or the Risk and Compliance Officer'. The paragraph should read:

4. Scope of internal audit activities

*Internal audit shall include the activities and operations of all areas of Council.
The internal audit function will be provided by an external firm with expertise in the field of internal audit.*

ACTION:

To review section **6. Planning** and remove the word 'approved' and replace with the word 'endorsed'. In addition, a phrase at the end of the last paragraph should be included 'and notified to the Risk Management and Audit Committee'. The paragraph should read:

6. Planning

The internal audit contractor will develop a three-year Internal Audit Plan in consultation with the CEO and senior management.

The Internal Audit Plan is based predominantly on assessment of risks pertaining to the achievement of Council's objectives. Audits may be based on performance improvement, evaluating the effectiveness and efficiency of Council's systems and use of resources or of a compliance nature, in order to ascertain the extent of compliance with established policies, procedures, and legislation.

*The Internal Audit Plan is **endorsed** by the Risk Management and Audit Committee.*

*Audits in addition to the approved Internal Audit Plan can be commissioned by the CEO **and notified to the Risk Management and Audit Committee.***

RECOMMENDATION

That it be a recommendation to Council:

That the internal audit charter, as amended, be adopted and approved by Council.

Moved: Mayor Ryan
 Seconded: Councillor Cocking

The Chair presented the Risk Management and Audit Committee - Terms of Reference with a suggested amendment to clarify the committee's role in overseeing the internal audit. The following addition to being included in the most recent version of the Risk Management and Audit Committee - Terms of Reference.

RECOMMENDATION

That it be a recommendation to Council:

That the Risk Management and Audit Committee - Terms of Reference be amended under Section 5. Key Responsibilities to include information relating to the internal audit function. The Section should read:

5. Key Responsibilities

The Committee will undertake the following functions:

- *Monitor Council's compliance with the Local Government Act and Regulations and other relevant Territory and Commonwealth legislation particularly in relation to Financial matters;*
- *Monitor Council's strategic and operational risk management and the adequacy of the internal controls; policies, practices, and procedures established to manage identified risk*
- ***Oversee the internal audit function, including the development of internal audit plans with reference to Council's risk assessments, the conduct of internal audits by appropriately qualified personnel, the monitoring of audit findings and management responses, and the implementation of recommendations.***
- *Review Council's Audited Financial Statements*
- *Review management's response to external audit recommendations and monitor implementation of the agreed recommendations*
- *Meet with the external auditor at least once each year to receive direct feedback about any key risk and compliance issues and to provide feedback about the auditor's performance*
- *Monitor changes in accounting and reporting requirements*
- *Advise Council about the appointment of external auditors*
- *Assess the adequacy and scope of audit coverage*

Moved: Mayor Ryan
 Seconded: Deputy Mayor de Brenni

4.2 Draft Expression of Interest – Three year internal audit plan

The Chair described the use of this 'Expression of Interest – Three-year internal audit plan' document is used to appoint someone to prepare a plan to guide the process of internal audit over a three year period.

The Director of Finance confirmed the budget amount allocated for this process has not been disclosed within this document to ensure tender applications are not targeted to meet the budget amount.

The committee approved the document, noting the following changes:

ACTION:

In the heading, remove an 'e' out of the word Development.

ACTION:

Numbers in this document to be corrected in sequential order.

ACTION:

In paragraph two (2) remove the words 'Council has recently adopted'. The paragraph should read:

The Alice Springs Town Council Strategic Plan 2018-2021 will be reflected in the Risk Registers.

ACTION:

In section two **(2) Criteria for assessing proposals**, paragraph four (4), remove the section of text: 'Firms will be shortlisted and the Risk Management and Audit Committee are expected to appoint the successful respondent for commencement by 1 October 2018.' The paragraph should read:

*The successful respondent to commence **no earlier than 1 November 2018**.*

The committee requested changes to the section titled 'Enclosures' to provide the opportunity for tenderers to obtain a copy of the Risk Registers upon request noting that these will be confidential documents.

ACTION:

Under the section **Enclosures**, amend the attachment numbers, and add #5 Risk Registers (Confidential). The section should read:

Attachment 1: Internal Audit Charter

Attachment 2: 30 June 2017 Annual Report

Attachment 3: Strategic Plan

Attachment 4: Organisation Structure

Attachment 5: Risk Registers (Confidential documents – to be provided upon request).

RECOMMENDATION

That it be a recommendation to Council:

That discussion has been undertaken regarding this Expression of Interest document and the committee authorises the Chair to liaise with management to progress this prior to the Expression of Interest being advertised.

Moved: Mayor Ryan

Seconded: Councillor Price

Councillor Price left the room at 13:12 pm

Councillor Price entered the room at 13:13 pm

4.3 Investment Policy #515

The 'Investment Policy #515', and 'Alice Springs Town Council Procedural Statement and Directive No: IN001 – Investments' documents were presented to the committee for review and discussion.

The Director Finance confirmed the type of institutions Council invests with, and that the risk rating and best return are considered for all Council investments, as per Council policy, and Procedural Statement and Directives.

The Local Government Act Investments Guidelines and potential for modernising Council's Investment Policy was also discussed.

The Director of Finance confirmed 130 Council policies, including this 'Investment Policy', are being reviewed as standard process with the adoption of the Thirteenth Council. He confirmed the new template that is being introduced will provide more in depth information.

RECOMMENDATION

That it be a recommendation to Council:

That the review of the Investment Policy be given sufficient priority within management reviews and be brought to the July 2018 Council meeting of the Finance Committee.

Moved: Mayor Ryan
Seconded: Deputy Mayor de Brenni

*Mayor Ryan left the room at 13:20 pm
Mayor Ryan entered the room at 13:21 pm*

5. OTHER BUSINESS

5.1 External Audit Engagement Letter

The committee noted and discussed the external audit engagement letter.

RECOMMENDATION

That it be a recommendation to Council:

That the committee endorse the scope of the work and management accept the terms and conditions of the engagement letter.

Moved: Mayor Ryan
Seconded: Deputy Mayor de Brenni

6. NEXT MEETING: Monday 13 August 2018, 12 Noon

The meeting stands adjourned and resumes in the Confidential Section.

The meeting adjourned at 1:28 pm.

Moved: Mayor Ryan
Seconded: Deputy Mayor de Brenni

Confirmed on: Monday 13th August 2018

**Iain Summers
CHAIRPERSON**

**ALICE SPRINGS TOWN COUNCIL
RISK MANAGEMENT AND AUDIT COMMITTEE
14 MAY 2018**

KEY ISSUES FROM THE MEETING FOR COUNCIL'S ATTENTION:

1. The Committee discussed:
 - The arrangements for the commencement in the 2018/19 year of internal audit activity, including the
 - draft Internal Audit Charter;
 - the terms of reference for the appointment of an internal audit firm to assist management in preparing a three year internal audit plan which will be referenced to the Councils' risk management procedures; and
 - the budget allocation in the 2018/19 year.
 - the need to review the Council's investment policy in line with the Council's internal review timelines, and the requirements of the Minister's Guidelines;
 - the external auditor's engagement letter for the 2017/18 year.

2. The following recommendations have been made to Council:
 - That the internal audit charter, as amended, be adopted and approved by Council.
 - That the Council notes that discussion has been undertaken regarding the Expression of Interest for internal audit planning, and the committee authorised the Chair to liaise with management to progress this, prior to the Expression of Interest being advertised.
 - That the review of the Investment Policy be given sufficient priority within management reviews so that it can be brought to the July 2018 Council meeting of the Finance Committee.
 - That it notes that the committee endorsed the external auditor's scope of the work for the 2017/18 financial year, and management can accept the terms and conditions of the engagement letter.

Iain Summers
Chair