



MINUTES

Audit, Risk and Improvement Committee Meeting Monday 26 February 2024

Date: Monday 26 February 2024

Time: 10:00am

**Location: Council Chambers
73 Camp Street
GRENFELL NSW 2810
via TEAMS**

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**MINUTES OF WEDDIN SHIRE COUNCIL
AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, 73 CAMP STREET, GRENFELL NSW 2810
ON MONDAY 26 FEBRUARY 2024 AT 10:00AM**

1 OPENING

Those in attendance are asked to comply with all relevant WSC codes, policies and procedures at all times.

2 ACKNOWLEDGEMENT OF COUNTRY

Weddin Shire Council would like to acknowledge the Wiradjuri people who are the Traditional Custodians of the Land.

Weddin Shire Council would also like to pay respect to the Elders both past and present of the Wiradjuri Nation and extend that respect to other Aboriginal Australians who are present.

3 ATTENDANCE

PRESENT:

Chair Ron Gillard, Member Les Hullick, Member John Oldfield (via Teams),
Member Cllr Glenda Howell (non-voting)

IN ATTENDANCE:

Noreen Vu (General Manager), John Thompson (Director – Corporate Services),
Josh Dawes (IT Officer), Brad Bohun (Crowe – External Audit Contractor), Liz Walters
(Secretariat), Renae Meldrum (Secretariat)

APOLOGIES:

NIL

The Chair welcomed John Thompson, the new Director of Corporate Services for Council, as well as Brad Bohun from Crowe, the new external audit contractor for Audit Office of NSW, to their first of many meetings with the Committee.

The Chair also welcomed Renae Meldrum, who will now be undertaking the Secretariat Functions for the Committee, and thanked Liz Walters for her assistance to date in that role and for the guidance being provided to Renae.

4 DECLARATIONS OF INTEREST

Ron Gillard declared a standing conflict of interest for the reason that he is a member of the Audit Risk & Improvement Committees of Central Tablelands Water. Mr Gillard further stated that it is a pecuniary conflict of interest and that he would leave the meeting and not participate in the debate should a conflict arise.

5 CONFIRMATION OF MINUTES**COMMITTEE RESOLUTION 002/24**

Moved: Les Hullick

Seconded: John Oldfield

That Minutes of the Audit, Risk and Improvement Committee Meeting held 27 November 2023 and the Extraordinary Audit, Risk and Improvement Committee Meeting held 12 January 2024 be taken as read and CONFIRMED.

CARRIED

6 MATTERS ARISING

Nil

7 GENERAL BUSINESS

The Committee suspended standing orders to discuss Item 7.9 to allow the IT Officer to provide his presentation then return to work.

Following the Committee Resolutions noted below for Item 7.9, Josh Dawes left the meeting.

The Committee continued with the suspended standing orders to discuss Item 7.2 to allow the External Audit Contractor to participate in the matter then leave to attend other commitments.

Following the Committee Resolutions noted below for Item 7.2, Brad Bohun left the meeting.

The Committee then resumed standing orders at Item 7.1.

7.1 EXTERNAL AUDIT | FINAL AUDIT MANAGEMENT LETTER

File Number:

Author: Arts and Tourism Officer

Authoriser: General Manager

Attachments: 1. Weddin Final Management Letter 2023 (for Management's Comment)

CSP Objective: Democratic and engaged community supported by efficient internal systems

Precis: The Management Letter from the final phase of audit is provided to ARIC for information. Council Management have not responded to the letter.

Budget:

RECOMMENDATION

That the Audit, Risk and Improvement Committee:

1. Note the Final Management Letter from the Auditors on the final phase of Audit.
2. Request that the General Manager provide a copy of the Management Response once completed.
3. Council prepare external Audit Action List
4. Request General Manager/Director representation at future meetings

COMMITTEE RESOLUTION 003/24

Moved: Les Hullick

Seconded: John Oldfield

That the Audit, Risk and Improvement Committee:

1. Note the draft Audit Management Letter from the Auditors on the final phase of Audit.
2. Request that the General Manager provide a copy of the final Letter, including Management responses, to the Members once completed.
3. Request Council prepare and maintain an External Audit Action List and for it to be presented at future Committee meetings.

CARRIED

The Chair and Committee expressed their disappointment that the Audit Office was not in attendance to discuss the draft FY23 Audit Management Letter.

The Committee reviewed and discussed each item, along with the proposed actions and timeframe. The Chair proposed creating an Action List to be maintained and any progress recorded against each item.

7.2 EXTERNAL AUDIT | FY24 ANNUAL ENGAGEMENT PLAN**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** 1. FA1805 - New Audit Arrangements (Crowe Audit Australia)**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** The FY24 Annual Engagement plan will be provided to the ARIC. This paper allows for the introduction to Mr Brad Bohun, from Crowe Audit Australia.**Budget:****RECOMMENDATION**

That the Audit, Risk and Improvement Committee:

1. Note the update on the FY24 Annual Engagement Plan.
2. Endorse an out of session circulation and of the FY24 Annual Engagement Plan once it is received by Council.

COMMITTEE RESOLUTION 004/24

Moved: John Oldfield

Seconded: Les Hullick

That the Audit, Risk and Improvement Committee:

1. Note the update on the FY24 Annual Engagement Plan.
2. Will review an out of session circulation and of the draft FY24 Annual Engagement Plan once it is received by Council and provide any concerns to the General Manager.

CARRIED

Brad Bohun (Crowe) attended via Teams, and left the meeting at 10:38am.

As a result of the delay in finalising the FY23 audited accounts, coupled with the new appointment of Crowe as the Audit Office's Audit Service Provider, the Annual Engagement Plan for FY24 is still in draft form, however it will likely to follow the same as agreed in previous years.

Chair asked what the current draft timetable looks like. Confirmation has been received from Luka Group that they are confident the statutory deadlines will be met. Following discussions with Crowe, Director Corporate Services and General Manager, Council is confident that they will be able to submit audited accounts no later than 31 October 2024.

Due to the delay last year, it is likely that the Committee will hold a 'special meeting' again this year prior to the accounts being referred to audit. The timing of this potential meeting will be agreed prior to the August Committee meeting.

7.3 REVISED OPERATIONAL PLAN BUDGET AND QUARTERLY BUDGET REVIEW STATEMENT (QUARTER 2)**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** Nil**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** To provide ARIC the revised Operational Plan and QBRS Q2 under separate cover**Budget:****RECOMMENDATION**

That the Audit, Risk and Improvement Committee consider the Quarterly Budget Review Statement for Quarter 2 2024 and the Revised Operational Plan to be circulated under separate cover.

COMMITTEE RESOLUTION 005/24

Moved: John Oldfield

Seconded: Les Hullick

That the Audit, Risk and Improvement Committee:

1. Note the Quarterly Budget Review Statement for Quarter 2 2024 and the Revised Operational Plan.
2. Request that future meetings provide quarterly statements and/or plan revisions that have already been presented to Council, along with the respective resolutions of Council.
3. Request a brief high-level summary of financial performance that has occurred in the period since the last Committee meeting.

CARRIED

Quarter 2 QBRS was presented to ARIC. The difference between two (2) grants that were missing from the previous quarterly budget has been adjusted. Has there been a rollover of the operational budget? TfNSW state roads uplift means that the figures may change. At this stage it was a best estimate.

The reports produced by the current version of CIVICA are not sufficient. Profit & Loss report & Balance sheet cannot be produced with the current version of CIVICA. Once the upgrade to Authority 7.1 has taken place the required reports will be available.

Unrestricted cash is being monitored weekly. Systems are being improved. ARIC to be provided with regular updates in regards to 'unrestricted cash'.

ARIC are not required to review or approve the QBRS. Request that ARIC is to briefly be verbally advised of any current financial performance/budget issues, however it does not need to see the QBRS until Council has approved. Any significant issues of concern should be presented in a report with sufficient detail to allow understanding/discussion.

The Chair asked whether Council understands that the net Result Excluding Capital Grants includes wages, material and contracts spend on Capital Grants. BAU/Capital Grants columns to be considered in being added to Profit and Loss reports to Council so that this is more easily understood.

7.4 2022/23 STATECOVER WHS ACTION PLAN UPDATE**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** 1. StateCover WHS Self Audit | Weddin Shire Council Action Plan**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** To provide a report to ARIC summarising actions and due dates from the 2023 WHS Self-Audit Action Plan.**Budget:****RECOMMENDATION**

That the Audit, Risk & Improvement Committee:

1. Receive and note this report and the summarising actions and due dates from the WHS Action Plan.

COMMITTEE RESOLUTION 006/24

Moved: John Oldfield

Seconded: Les Hullick

That the Audit, Risk & Improvement Committee:

1. Receive and note this report.
2. Requests a modified WHS Action List be provided to the next meeting in order to monitor progress of the steps required for each 'priority action'.

CARRIED

Changing language to reflect that of Campbelltown WHS Action Plan ie. Attention, Needs Attention & Completed.

Due dates to complete action items on WHS action plan have been slipping due to unforeseen circumstances.

Discussions held on readability and presentation of actions; it is suggested independent tabs in the one worksheet with consistent terminology across all tabs. Item stay on until reported as 'completed' and then drop off future reporting.

Request for the action plan to be provided at each ARIC meeting.

Confirmation that Council have seen the revised version.

7.5 BUILDING ASSET CONDITION (HAIL STORM DAMAGE AND SHEPHERDS ASSESSMENT)

File Number:

Author: Arts and Tourism Officer

Authoriser: General Manager

Attachments: 1. June 2023 Shepherds Buildings Presentation

CSP Objective: Shire assets and services delivered effectively and efficiently

Precis: To provide a summary to the ARIC an update on the damage caused to Council plant and building assets as a result of the hailstorm and the subsequent flow on effect it has on the Shepherd's Building Assessment Summary.

Budget:

RECOMMENDATION

That the Audit, Risk and Improvement Committee:

1. Note and receive the report.
2. Request that the matter remain as an item for update.

COMMITTEE RESOLUTION 007/24

Moved: John Oldfield

Seconded: Les Hullick

That the Audit, Risk and Improvement Committee:

1. Note and receive the report.
2. Request that the matter addressing the Asset Condition Assessment by Shepherd remain as an item for update and revisited once the storm damage reports are completed.

CARRIED

The Committee reviewed and discussed the damage sustained to Weddin Shire Council buildings during the 25 December 2023 hail storm.

Once storm damage addressed, we need to return to Shepherds Building Report (page 88 and 89 of business papers in particular) to ascertain next steps.

7.6 REPORT CARD: RISK PROFILE EFFECTING EVENTS**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** 1. Feb 2024 REPORT CARD Risk Profile Affecting Events**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** To provide ARIC key risks issues in a report card format**Budget:** NIL**RECOMMENDATION**

That the ARIC Committee:

1. Note the information contained in this report.
2. Note the Report Card: Risk Profile Affecting Events

COMMITTEE RESOLUTION 008/24

Moved: Les Hullick

Seconded: John Oldfield

That the ARIC Committee:

1. Note the information contained in this report.

CARRIED

Two (2) Tasks have been completed – Vacancy in Director of Corporate Services has been filled & Hunt Pits (Council Contractor issue).

Two (2) more tasks have been added to the Risk Profile events log – 25 December 2023 Hailstorm & RERRF 2% management/project admin costs cost shifted to local councils.

General Manager to meet with Minister of Regional Roads office on the matter. General Manager to update ARIC on matter at next meeting.

Queries were made regarding the closure of the Quandialla & Caragabal Waste facilities. No fines have been issued. Weddin Shire Council is taking appropriate action. Currently waiting for response from EPA re: encapsulating Asbestos Contaminated Material (ACM).

Discussion held around the formatting and readability; retain the record however move 'completed action' to additional tab 'completed'.

7.7 OLG GUIDELINES/LEGISLATION UPDATE - REVISED TERMS OF REFERENCE**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:**

1. 23-15 OLG (Regulation amendments prescribing requirements for ARIC)
2. DRAFT ARIC Terms of Reference 2024 - Tracked Changes Version
3. DRAFT ARIC Terms of Reference 2024 Clean Version

CSP Objective: Shire assets and services delivered effectively and efficiently**Precis:** To provide the ARIC a revised Terms of Reference due to OLG Circular 23-15**Budget:** NIL**RECOMMENDATION**

That the Audit Risk and Improvement Committee (ARIC):

1. Note and receive the report
2. Note the OLG Circular to Councils 23-25 (A860774) regulation amendments prescribing requirements for audit risk and improvement committees, internal audit and risk management issued on 4 December 2023.
3. Endorse the Revised Weddin ARIC Terms of Reference 2024 and recommend for it to be provided to Council for consideration and adoption.

COMMITTEE RESOLUTION 009/24

Moved: John Oldfield

Seconded: Les Hullick

That the Audit Risk and Improvement Committee (ARIC):

1. Note and receive the report
2. Note the OLG Circular to Councils 23-25 (A860774) regulation amendments prescribing requirements for audit risk and improvement committees, internal audit and risk management issued on 4 December 2023.
3. Endorse the Revised Weddin ARIC Terms of Reference 2024 and recommend for it to be provided to Council for consideration and adoption.

CARRIED

Discussion regarding the term 'Executive Officer', who is the responsible person for the Internal Audit Function, and whether it should be changed to the OLG revised 'Internal Audit Coordinator'. It was recognised that the term as Executive Officer was more appropriate due to the importance of the role and should remain.

7.8 SELF INITIATED IMPROVEMENT MANAGEMENT PLAN UPDATE**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** 1. 20240217 Improvement Management Plan update V1.1**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** Council is to report to the Audit, Risk and Improvement Committee a summary of actions, due dates and progress from the endorsed Self- Initiated Improvement Plan.**Budget:** NIL**RECOMMENDATION**

That the Audit, Risk and Improvement Committee:

1. Note and receive the report including the update of actions.

COMMITTEE RESOLUTION 010/24

Moved: Les Hullick

Seconded: John Oldfield

That the Audit, Risk and Improvement Committee:

1. Note and receive the report including the update of actions.

CARRIED

An update was provided to the Committee.

The restricted cash amount breach was discussed with The Office of Local Government. Long term financial plan has not been completed. A strategic action plan has been created with seventeen (17) short term action points and three (3) immediate action points. Cashflow issues are relating to Tri Party agreement, attempting to obtain a 20% upfront payment to initiate projects.

Contracts register to be updated regularly. Discuss with John access to Contracts register. Anything highlighted in yellow indicates changes have been made.

Weekly cashflow meetings are being held. Cashflow issues are to be resolved. Claims that have been submitted have not been processed as yet. The Management Accountant position has been advertised on Seek.

Update the Plan to include a date for items listed as 'does not need attention'.

Les Hullick will provide John Thompson with a draft risk management framework to review and consider in developing Council's framework.

7.9 PRESENTATION ON WEDDIN'S CYBER SECURITY**File Number:****Author:** General Manager**Authoriser:** General Manager**Attachments:** Nil**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** A brief presentation will be provided on Weddin's Cyber Security**Budget:****RECOMMENDATION**

That the Audit, Risk and Improvement Committee receive and note the presentation by Council's IT Officer.

COMMITTEE RESOLUTION 011/24**Moved:** Les Hullick**Seconded:** John Oldfield

That the Audit, Risk and Improvement Committee receive and note the presentation by Council's IT Officer.

CARRIED

Due to the sensitivity of the subject matter, formalised notes from the meeting are minimised for the security and protection of Council's systems.

The log of privileged users is yet to be remediated. It was suggested that staff at Council speak with other councils to see how they are managing the privilege users log.

7.10 UPDATE ON RISK REGISTER**File Number:****Author:** General Manager**Authoriser:** General Manager**Attachments:** Nil**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** To provide an update to the Audit, Risk Improvement Committee on progress of the development of the Risk Register. Standing agenda item**Budget:****RECOMMENDATION**

That the Audit Risk and Improvement Committee:

1. Receive and note this report.

COMMITTEE RESOLUTION 012/24

Moved: John Oldfield

Seconded: Les Hullick

That the Audit Risk and Improvement Committee:

1. Receive and note this report.

CARRIED

7.11 ARIC WORKPLAN**File Number:****Author:** General Manager**Authoriser:** General Manager**Attachments:** 1. DRAFT ARIC 4YR WORKPLAN TEMPLATE**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** In accordance with the adopted Terms of Reference 2023, this paper provides ARIC an Indicative Work Plan for discussion.**Budget:****RECOMMENDATION**

That the Audit, Risk and Improvement Committee:

1. Note and receive the information contained in this report.
2. Provide a number of considerations to the Draft ARIC Annual and Four Year Work Plan.

COMMITTEE RESOLUTION 013/24

Moved: Les Hullick

Seconded: John Oldfield

That the Audit, Risk and Improvement Committee:

1. Note and receive the information contained in this report.
2. Requests Members and Management to provide feedback to the Chair by the end of March 2024.

CARRIED

Aiming to be finalised and endorsed at August meeting.

8 OTHER BUSINESS

NIL

9 NEXT MEETING

- 27 May 2024

10 CLOSURE

The Meeting closed at **12:37pm**.

The minutes of this meeting were confirmed at the Audit, Risk and Improvement Committee held on 27 May 2024.

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CHAIRPERSON