



# **MINUTES**

## **Audit, Risk and Improvement Committee Special Meeting Tuesday, 12 November 2024**

**Date: Tuesday, 12 November 2024**

**Time: 3:00pm**

**Location: Council Chambers  
Cnr Camp & Weddin Streets  
GRENFELL NSW 2810**

## **Order Of Business**

|          |  |          |
|----------|--|----------|
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**MINUTES OF WEDDIN SHIRE COUNCIL  
EXTRAORDINARY AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBERS, CNR CAMP & WEDDIN STREETS, GRENFELL  
NSW 2810  
ON TUESDAY, 12 NOVEMBER 2024 AT 3:00PM**

**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 / APOLOGIES**

**PRESENT:**

Chair Ron Gillard, Member Les Hullick, Member John Oldfield,  
Member Councillor Jeanne Montgomery (Non-voting)

**IN ATTENDANCE:**

Staff Noreen Vu (General Manager), Staff John Thompson (Director of Corporate Services),  
Jeff Shanks (Luka Group), Lachlan Cisco (Crowe – Senior Auditor), Asim Balloch (Crowe),  
Min Cui (Audit Office of NSW – Associate Director), Renae Meldrum (Secretariat)

**APOLOGY:**

Brad Bohun (Crowe – External Audit Contractor)

**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 if it is a pecuniary conflict of interest and that he would leave the meeting and not participate in the debate should a conflict arise.

**Proceedings in brief:**

The Chair confirmed with the Committee that all recommendations will be resolved by consensus and that, rather than recording movers and seconders, the minutes will only record any instances of voting member dissent.

## 5 GENERAL BUSINESS

### 5.1 AUDITED 2023/2024 FINANCIAL STATEMENTS

|                       |  |
|-----------------------|--|
| <b>File Number:</b>   | <b>A3</b>  |
| <b>Author:</b>        | <b>General Manager</b>   |
| <b>Authoriser:</b>    | <b>General Manager</b>   |
| <b>Attachments:</b>   | <b>1. 2024 Weddin Shire Council Financial Statements<br/>2. 2024 Weddin Shire Council - Roads to Recovery Program CFO Financial Statement<br/>3. 2024 Independent Audit Report - Weddin Shire Roads to Recovery Program<br/>4. 2024 Weddin Shire Council Closing Engagement Report<br/>5. 2024 Management Letter</b> |
| <b>CSP Objective:</b> | <b>Democratic and engaged community supported by efficient internal systems</b>  |
| <b>Precis:</b>        | <b>Local Government Act 1993</b>   |
| <b>Budget:</b>        | <b>\$ Nil to be sourced from -</b>   |

### **RESOLUTION**

That Council:

1. Receive and note the presented 2023/2024 Audited Financial Statements.
2. Note that public notice in accordance with section 418 of the Local Government Act 1993 the Audited Financial Statements for 2023/2024 will be advertised in the Grenfell Record on 7 and 14 November editions.
3. Note that the Weddin Shire Council will present the Audited Financial Statements to a public meeting, at the 21 November 2024.
4. Note that in the event that Council receives any submissions in accordance with s. 420 of the Local Government Act 1993, the submission will be referred to the Audit Office of NSW.

### **COMMITTEE RESOLUTION 035/24**

That the Audit, Risk and Improvement Committee:

1. Receive and note the presented 2023/2024 Audited Financial Statements.
2. Note that public notice in accordance with section 418 of the Local Government Act 1993 the Audited Financial Statements for 2023/2024 will be advertised in the Grenfell Record on 7 and 14 November editions.
3. Note that the Weddin Shire Council will present the Audited Financial Statements to a public meeting, at the 21 November 2024.
4. Note that in the event that Council receives any submissions in accordance with s.420 of the Local Government Act 1993, the submission will be referred to the Audit Office of NSW.

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5. Note that the Weddin Shire Council will receive a presentation of the 2023/2024 Audited Financial Statements from the auditors at a date to be agreed.
  6. Thank and commend Weddin Shire Council staff and Luka Group for the achieving the agreed timetable.
  7. Reiterates its continued support of Council's position regarding the non-recognition of the RFS 'Red Fleet' assets.
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## **PURPOSE**

This report provides a brief of Council's audited Financial Statements for 2023/2024. In accordance with the Local Government Act 1993, the statements are presented for information to the Audit, Risk and Improvement Committee (ARIC).

## **BACKGROUND**

Council's external auditor, the Audit Office of New South Wales, via Crowe, has completed the audit of the financial statements for 2023/24. In accordance with s.418(3) of the Local Government Act 1993, Council must provide public notice of the presentation of the financial reports, which it will publish on 7 and 14 November 2024 in the Grenfell Record.

Submissions must be in writing and lodged with the Council within 7 days after the date on which those reports are presented to the public and do so in accordance with s. 420 of the Local Government Act 1993.

The public notice provides a high-level overview and is provided below.

## **ISSUES AND COMMENTS**

The Draft unaudited Financial Statements for the 2023-2024 period was presented to the ARIC on 23 September 2024. The issues raised in the preparation process included:

- Council's position on the red fleet assets would continue to see Council receiving a qualified audit.

The Auditors attended site week of 8 October 2024 to carry out the final audit.

Additional audit fees have also been added to the Audit process of \$9,000 has been added into the process because of the following reasons:

1. Rural Fire Fighting equipment removal of modified opinion required significant alternate audit procedures from our side to ensure the IPPE balance was free from material misstatements. This also involved contributions from the NSWAO and AAG to investigate these alternate procedures and provide approval for removal of modified opinion.
2. Planning information request was issued on 13 February 2024 with an initial due date of 1 March 2024, Information was provided to audit on 10 April 2024 and required multiple follow up emails and calls to obtain.
3. Interim information request was issued on 20 March 2024 with an initial due date of 13 May 2024. Information was provided on 11 June 2024, this required the interim audit visit to be rescheduled to accommodate provision of information.
4. Year end information was mostly provided on time, however accounting position papers were not provided in final until 26 October 2024.

During the presentation from the auditors, it was noted that Council staff and Luka Group had made significant improvements on the prior year's audit process, both in timing and preparedness. Further, it was noted that 14 prior year matters raised in audit letters had been resolved, with the vast majority of the residual 7 matters not yet resolved being completed or significantly addressed as of the meeting. Council staff and Luka Group were commended by both the auditors and Committee members.

Prompted by the Chair, the auditors also explained the significant change in their approach to qualifying the previous two years audits as a result of the non-recognition of RFS 'red fleet' assets. Council had reconfirmed their previous position of non-recognition for the current audit, however the Audit Office of NSW self-initiated a revision of their approach and have now determined these non-recognised assets as "uncorrected monetary misstatements" after satisfying themselves that the asset value in question is immaterial to Council's financial statements. While the Committee members and Council are appreciative of the Audit Office's leadership to address and remove the audit 'qualification', the technical dispute surrounding 'control' under the accounting standards remains unresolved, with all parties looking forward to a final resolution in the relatively near future.

The Chair also queried the auditors statements in the Engagement Closing Report around the claim of additional fees likely being charged to Council as a result of the additional out-of-scope audit work as detailed in the business paper. Acknowledging that the Committee is not a party to the audit engagement, the Committee is however required under the principles outlined in the OLG Guidelines Appendix 2 to ensure that the council receives maximum value from its external audit activities. As such, in the presence of the auditors for full transparency, the Chair clearly outlined his supported positions for Council to object to and contest any proposal of additional audit fees. The Audit Office's Associate Director acknowledged the Chair's points and will consider them further prior to holding a separate discussion with Council regarding potential additional fees.

## **POLICY/LEGAL IMPLICATIONS**

Council is required to table an annual report in accordance with section 428 of the Local Government Act 1993 within five months after the end of each year. The statutory components that sit at the front of the Annual Report will be tabled to the ARIC under separate cover. Attached to this paper is the Audited Financial Statements.

## **FINANCIAL/RESOURCE IMPLICATIONS**

Council staff would like to thank the external contractors, Luka Group for undertaking the Annual Financial Statements, Management Accountant Da'na Hojlund and Director Corporate Services John Thompson and the setting up of internal systems to ensure effective reporting of grants and income.

## **INTERNAL/EXTERNAL CONSULTATION**

Public notice for the presentation of the financial statements also provided a copy of the audited financial statements online (Council website and Facebook). The Public Notice was also advertised in the Grenfell Record. There will be a further seven (7) day public exhibition period after this Council meeting, welcoming submissions to provide to the Audit Office.

**CONCLUSION**

That the ARIC receive and note the audited Financial Statements for year ending 30 June 2024.

**6 NEXT MEETING**

25 November 2024

**7 CLOSURE**

**The Meeting closed at 3:44pm.**

**The minutes of this meeting were confirmed at the Audit, Risk and Improvement Committee held on 25 November 2024.**

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**CHAIRPERSON**