



MINUTES

Audit, Risk and Improvement Committee Meeting Monday 25 November 2024

Date: Monday 25 November 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,
VIA TEAMS
ON MONDAY, 25 NOVEMBER 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 [via MS teams], Member John Oldfield [via MS Teams], Member Cl Jeanne Montgomery (Non-Voting)

IN ATTENDANCE:

Staff Noreen Vu (General Manager), Staff John Thompson (Director of Corporate Services), Staff Waliul Islam (Project Manager, Engineer Water & Sewerage), Mayor Paul Best, Renae Meldrum (Secretariat)

4 DECLARATION OF INTERESTS

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.

No further declarations were made by any attendees.

Proceedings in brief:

In line with recent practice, the Committee agreed 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 MINUTES**5.1 CONFIRMATION OF MINUTES****COMMITTEE RESOLUTION 035/24**

That Minutes of the Audit, Risk and Improvement Committee Meeting held 26 August 2024, the Audit, Risk and Improvement Committee Meeting held 26 August 2024, the Extraordinary Audit, Risk and Improvement Committee Meeting held 23 September 2024 and the Extraordinary Audit, Risk and Improvement Committee Meeting held 12 November 2024 be taken as read and CONFIRMED.

CARRIED

6 MATTERS ARISING

The Chair advised the committee that the Internal Audit Standards have changed and come into effect in early 2025. This will require an update of the Internal Audit Charter adopted by Council in August 2023, and should be undertaken as part of the next annual review.

It was noted that the actions arising from 12 November 2024 special meeting, ie. auditors to present the financial statements to Council, was completed on the 18 November 2024.

7 GENERAL BUSINESS**7.1 EXTERNAL AUDIT****File Number:****Author:** Arts and Tourism Officer**Authoriser:** Director Corporate Services**Attachments:**

1. 2024 WEDDIN SHIRE COUNCIL FINANCIAL STATEMENTS
2. 2024 WEDDIN SHIRE COUNCIL - ROADS TO RECOVERY PROGRAM CFO FINANCIAL STATEMENT
3. 2024 INDEPENDENT AUDIT REPORT - WEDDIN SHIRE COUNCIL ROADS TO RECOVERY PROGRAM
4. 2024 WEDDIN SHIRE COUNCIL CLOSING ENGAGEMENT REPORT
5. 2024 MANAGEMENT LETTER
6. 2024 WEDDIN SHIRE COUNCIL ANNUAL REPORT with AUDITED FINANCIAL STATEMENTS

CSP Objective: Shire assets and services delivered effectively and efficiently**Precis:** Provide an update on External Audit after the 12 November 2024 extraordinary meeting**Budget:****RECOMMENDATION**

That the Audit, Risk & Improvement Committee

1. Note the updates as provided by the Director of Corporate Services.

COMMITTEE RESOLUTION 036/24

That the Audit, Risk & Improvement Committee

1. Note the updates as provided by the Director of Corporate Services.
2. Receive and note the updated Annual Report of council.

CARRIED**PURPOSE**

The purpose of this report is to provide the Audit, Risk & Improvement Committee with any further updates arising from the 12 November 2024 extraordinary meeting.

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*.

ISSUES AND COMMENTS

The audited Financial statement for the 2023 – 2024 period were presented to the ARIC at the extraordinary meeting on the 12 November 2024. Present at the meeting included Min Cui from the Audit Office; Brad Bohan and Asim Baloch from Crowe; and Jeff Shanks from Luka Group.

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 was tabled to the ARIC under separate cover. Attached to this paper is the Annual Report and 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.

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.

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.

[Action Item – Review/revise wording at #3.5 the 2024 Weddin Shire Council Annual Report which makes reference to the recent council elections in September 2024. Given the report](#)

is for operations through 30 June 2024, the recent election is not relevant and the commentary may be a source of confusion for readers.

7.2 FINANCIAL PERFORMANCE**File Number:****Author:** Arts and Tourism Officer**Authoriser:** Director Corporate Services**Attachments:** Nil**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** The Financial Performance information since the last meeting is provided to ARIC.**Budget:** Nil**RECOMMENDATION**

That the Audit, Risk & Improvement Committee

1. Receive and note the September 2024 QBRS as reported to Council (to be tabled under separate cover).
2. Receive confirmation that adjustments have been corrected at February 2025 meeting.

COMMITTEE RESOLUTION 037/24

That the Audit, Risk & Improvement Committee

1. Receive and note the report and high level verbal update on the September 2024 QBRS from the Director.
2. Request confirmation that the matter surrounding the Henry Lawson Festival bank account has been resolved at February 2025 meeting

CARRIED**PURPOSE**

To provide the Audit, Risk & Improvement Committee with a high-level summary of financial performance and/or key financial information. Provide the ARIC copies of key financial reports presented to Council since the last meeting, along with any respective resolutions by Council.

BACKGROUND

At the ARIC meeting on the 26 February 2024, it was agreed upon that the ARIC would be provided with a high-level financial summary of financial performance since the last meeting. It was agreed upon that the ARIC be provided with quarterly statements and/or plan revisions that have already been presented to Council, along with the respective resolutions of Council.

ISSUES AND COMMENTS

At the 21 November 2024 Ordinary Meeting of Council, the September 2024 Quarterly Budget Review Statement (QBRS) was provided and endorsed by Council. The QBRS will be sent out under separate cover and any further queries or discussions.

Henry Lawson Festival Bank Account

The Henry Lawson Festival of Arts bank account was tabled to the ARIC. Multiple attempts have been made by the Director of Corporate Services with the HLF Committee to close the Bendigo bank account. At the time of producing this report, the account was not closed.

POLICY/LEGAL IMPLICATIONS

There are no direct policy or legal implications relating to this report.

FINANCIAL/RESOURCE IMPLICATIONS

There are no direct financial or resource implications arising from this report.

INTERNAL/EXTERNAL CONSULTATION

The September 2024 QBRS as endorsed by Council will be attached for the ARIC's consideration.

CONCLUSION

The ARIC are to be provided with the high-level financial summary, key financial information and financial reports at each quarterly ARIC meeting.

Action items

- September 2024 QBRS to be circulated out of session.
- Henry Lawson Bank Account – John Thompson to follow up with Henry Lawson Festival Committee in writing. Outline the reasons why the bank account must be closed, cc all members of the Henry Lawson Festival Committee. Mayor Paul Best to follow up with Henry Lawson Festival Committee if John Thompson is unable to resolve issues and close bank account. An update is to be provided to ARIC at the February 2025 meeting.

7.3 BUILDING ASSET CONDITION UPDATE**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 an update to ARIC on the progress of rectification work to building assets that were damaged in the 2023 Christmas Day hailstorm**Budget:****RECOMMENDATION**

That ARIC receive and note the updates on storm damaged building assets.

COMMITTEE RESOLUTION 038/24

That Audit, Risk & Improvement Committee receive and note the updates on storm damaged building assets.

CARRIED**PURPOSE**

To provide ARIC with an update on rectification work to building assets damaged in the 2023 Christmas day hail storm.

BACKGROUND

Weddin Shire Council recently received the Shepherd's Asset Condition Assessment report, providing a comprehensive overview of the methodology employed and confirming the useful life of buildings and complex structures under the council's purview. Notably, this report had been previously distributed to ARIC.

On 25 December 2023, Grenfell endured a severe hailstorm, resulting in extensive damage to council assets. Specifically, a total of 16 council vehicles and 37 buildings/structures incurred hail and water damage. In response, Council promptly lodged two insurance claims, delineated between vehicle and building/structure damages.

Council's personnel notified the insurer of the incident. Subsequent inspections revealed panel damage to vehicles, alongside hail damage to roofs, skylights, and ancillary structures.

Assessments of the damaged buildings and vehicles were undertaken by insurance assessors and building consultants during January and February 2024.

A Request for Tender was placed for the repair of hail damaged Weddin Shire Council buildings on the 11 July 2024. Tenders closed on 8 August 2024.

ISSUES AND COMMENTS

Council has recently undertaken a tender process to address repairs to hail-damaged Council-owned buildings and structures. The process was conducted in alignment with Council's procurement obligations under *the Local Government Act 1993* and the Local Government (General) Regulation 2021, as well as Council's adopted Procurement Policy.

Key steps included:

- Open tenders were called to ensure a transparent and competitive process.
- Multiple tenders were received, each evaluated based on pricing, work health and safety, experience, and project methodology.
- Warranty concerns identified during the process led to a change in material specifications for roofing to ensure durability and compliance.

Each tender submission was assessed by a panel of Council officers using weighted evaluation criteria. All tenderers demonstrated compliance with mandatory participation criteria, and evaluation scores reflected their ability to meet Council's requirements for this.

A tenderer was selected based on their overall score and alignment with the project needs. The recommendation was presented to Council at the 17 October 2024 meeting.

16.2 TENDER FOR THE REPAIR OF HAIL DAMAGED BUILDINGS (SCOPE OF WORKS 1)
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RESOLUTION 222/24

Moved: Cr Parlett

Seconded: Cr Montgomery

That:

1. Council note the report on the evaluation of Tender submissions for the repair of hail damaged Weddin Shire Council buildings – Scope of Works 01.
2. Council endorse Tender 12/2024 for the repair of hail damaged Weddin Shire Council buildings – Scope of Works 01, being awarded to Murphy's Remedial Builders, for the tendered price as set out in this report.
3. The General Manager be authorised to execute the contract and apply the Council Seal on the relevant documentation.

THE MOTION WAS CARRIED

POLICY/LEGAL IMPLICATIONS

There are no direct policy or legal implications arising from this Tender as it has followed Council's Procurement obligations under *Section 55 of the Local Government Act 1993*, Part 7 of the Local Government (General) Regulations 2021 and Council's adopted Procurement Policy.

Upon Council endorsing the preferred contractor for the repair works associated with Scope of Works 01, Council's insurer will need to be notified. Council insurer will then need to agree with the recommendation.

FINANCIAL/RESOURCE IMPLICATIONS

The excess for building/structure claims is \$10,000. This will be funded from the existing Council buildings repairs and maintenance budget.

INTERNAL/EXTERNAL CONSULTATION

Industry was consulted through the Vendor Panel process via the release of the Tender.

Council has held consultation with Council insurer and Q-Tech Building Consultants who prepared the Scope of Works. Council has also requested the assistance of the insurer to appoint a project manager for the works, given the scale of the repair works. It has been advised that the insurer is willing to provide a project manager for the works.

CONCLUSION

Following a thorough procurement process that adhered to legislative and policy requirements, a preferred tenderer has been selected to carry out the necessary repairs. This ensures that the repairs will be completed to a high standard, with appropriate materials and methodology to enhance the longevity of Council assets.

The next step involves finalising the insurer's agreement to proceed with the recommended contractor and commencing the works under the oversight of an insurer-appointed project manager.

Further updates will be presented to ARIC as the process progresses.

7.4 RISK CARD | RISK PROFILE AFFECTING EVENTS**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** 1. Report Card November 2024**CSP Objective:** Culturally rich, vibrant and inclusive community**Precis:** To provide ARIC key risks issues in a report card format**Budget:****RECOMMENDATION**

That the ARIC Committee:

1. Note the information contained in this report.
2. Note the Report Card: Risk Profile Affecting Events
3. Note the late report on the Data Breach

COMMITTEE RESOLUTION 039/24

That the Audit, Risk & Improvement Committee:

1. Note the information contained in this report.
2. Note the Report Card: Risk Profile Affecting Events
3. Note the late report on the Data Breach

CARRIED**PURPOSE**

The Report Card outlines the risk profile affecting events, highlights issues of noting or concern since the last meeting. ARIC will be able to monitor ongoing concerns and risks and be kept informed of issues.

BACKGROUND

The ARIC considered at it 24 July 2023 a resolution to:

Endorse that the General Manager develop a Risk Register and to report Risk Profile Affecting Events to each meeting.

ISSUES AND COMMENTS

The Report Card as at November 2024 is for ARIC's review and noting. As per the last meeting, the following items were put into the completed:

- Motor vehicle accident on the Newell Highway resulting in highway closure (Council slasher and caravan)

Action updates and updates to the spreadsheet are provided in red.

Three new matters are reported to the ARIC since its last meeting:

- (1) Resignation of Director of Corporate Services
- (2) Notice of legal proceedings (2 x workers compensation claim)
- (3) Breakdown of plant (Patch truck and 2 x graders)

POLICY/LEGAL IMPLICATIONS

There are no direct policy or legal implications relating to this report.

FINANCIAL/RESOURCE IMPLICATIONS

The majority of issues raised in the Report Card have financial and resource implications for Council that the ARIC should be aware of.

INTERNAL/EXTERNAL CONSULTATION

The ARIC are provided the Report Card for comment and discussion.

CONCLUSION

One action was removed from the Report Card as they are now completed with three new issues are now provided for the ARIC's awareness and oversight.

7.5 ASBESTOS MATTER | DIRECTOR OF ENVIRONMENTAL SERVICES UPDATE TO COMMITTEE**File Number:****Author:** Arts and Tourism Officer**Authoriser:** Director Corporate Services**Attachments:** Nil**CSP Objective:** Shire assets and services delivered effectively and efficiently**Precis:** To provide the ARIC with an update on actions taken regarding the asbestos matter at Quandialla & Caragabal waste facilities.**Budget:****RECOMMENDATION**

That

1. The ARIC note the report providing updates on the actions taken regarding Quandialla and Caragabal waste facilities.
2. Commend Council & staff for their effective response and mitigation efforts.

COMMITTEE RESOLUTION 040/24

That the Audit, Risk & Improvement Committee:

1. Note the report providing updates on the actions taken regarding Quandialla and Caragabal waste facilities.
2. Commend Council & staff for their effective response and mitigation efforts.

CARRIED**PURPOSE**

The purpose of this report is to provide an update to the ARIC on actions taken to date relating to the Quandialla and Caragabal waste facilities.

BACKGROUND

Council received a formal letter from the Environment Protection Authority (EPA) on 5 October 2023 raising a number of concerns regarding the operation of Council waste facilities, including potential asbestos containing material (ACM) being identified at the Quandialla waste facility. The letter required Council to undertake a number of actions to ensure the facilities were being operated to appropriate standards.

In accordance with the requirements of the EPA and recommendation of an Occupational Hygienist, the Quandialla and Caragabal waste facilities were closed to the public on 11 October 2023.

On the 8 May 2024 Council received a draft Prevention Notice from the EPA regarding the operation of the Quandialla Waste Facility. The draft Prevention Notice outlined a number of actions which the EPA intended to require Council to undertake in regard to the facility. A response was provided to the EPA on 17 May 2024 outlining the reason why the Prevention Notice should not be issued.

UPDATE ON ACTIONS TAKEN

On 17 June 2024 work commenced to remove stockpiled scrap steel from the Quandialla Waste Facility. This work involved an Asbestos Removal Contractor and Occupational Hygienist checking and clearing the steel of asbestos contamination, before it was loaded into trucks and removed from the site. The steel was transported to the Grenfell Facility, where it will be recycled. During the removal of the steel, required air monitoring was undertaken. Analysis of the air samples confirmed that no asbestos was detected in the area surrounding the facility, during the removal works.

On 18 June 2024, a DrumMuster contractor attended the Caragabal facility and removed the majority of stockpiled used chemical drums which were suitable for recycling via the DrumMuster program. The Caragabal P & C currently receive the income received from the recycled drums.

The next stage of the remediation works at both sites will involve the removal of stockpiled tyres. A tyre disposal company has inspected both the Caragabal and Quandialla facilities and provided a quotation to accept the waste tyres for disposal. The cost for disposal of the tyres is reduced if Council organises the transportation of the tyres to the waste facility, which is located close to Quandialla. Council staff are currently liaising with the contractor to determine their transport costs, as Council trucks may not be available with the ongoing roadworks currently being undertaken. The Occupational Hygienist will also need to issue a clearance certificate for the areas surrounding the tyres, before their removal.

Further to the above, Council is working with an Asbestos Removal Contractor on the removal of remaining visible friable and bonded asbestos from each of the facilities. This asbestos removal will then enable, further soil testing and reporting to be prepared putting the case forward for the encapsulation of potentially contaminated asbestos at each site.

Council staff have continued to have regular meetings (fortnightly) with the EPA regarding the required remediation works. These meetings are progressing well, and we now have a clearer path moving forward. EPA Officers inspected both waste facilities on 9 July 2024 to see the progress which has been made. The inspection highlighted some of the challenges that Council is facing at each site.

Council at its Ordinary Council meeting held on 20 June 2024 resolved to write to the Minister for the Environment outlining Council's position regarding the remediation challenges at the facilities (resolution number 130/24). Given that discussion with the EPA have been progressing, it is recommended that Council delay writing to the Minister at this time, while constructive discussions are being held with the EPA regarding the remediation of the Caragabal and Quandialla Waste Facilities. If these discussions break-down or are not progressing, then a letter can be sent to the Minister at that time.

POLICY/LEGAL IMPLICATIONS

As stated previously, the EPA issued Council with a Draft Prevention Notice regarding the operation of the Quandialla Waste Facility. As a result of the letter of reply by Council and the progression of remediation works at the site, the EPA have not issued Council with a Prevention Notice at this time.

The intention is to continue to liaise with the EPA and progress the remediation works at the two (2) rural waste facilities. Once the remediation works are complete, Council will need to make a decision as to the long-term operation of the facilities.

Council is obligated to manage its unlicensed waste facilities in accordance with the minimum standards outlined in the Protection of the Environment Operations (Waste) Regulation 2015. Where Council does not meet these standards, it can be found guilty of an offence under s142A of the Act, which attracts a maximum penalty of \$2,000,000 (if the offence involved asbestos waste) or \$250,000, and in the case of a continuing offence, a further penalty of \$60,000 for each day the offence continues.

FINANCIAL/RESOURCE IMPLICATIONS

At the last report to Council in August, Council had spent \$23,044.59 has been spent on the works directly related to the remediation of the Caragabal and Quandialla Waste Facilities. It is likely that there will be significant additional costs to complete the full remediation of the sites.

INTERNAL/EXTERNAL CONSULTATION

Council staff have continued to liaise with the EPA, Asbestos Removalist, Occupation Hygienist and waste consultant regarding the required clean-up and remediation works and ongoing operation of the Quandialla and Caragabal waste facilities. It is recommended that Council delay writing to the Minister for the Environment in accordance with resolution number 130/24, while constructive discussions are being held with the EPA regarding the remediation of the Caragabal and Quandialla Waste Facilities.

An opportunity to discuss the matter between the ARIC and the Director of Environmental Services will be provided at the meeting.

CONCLUSION

Council has undertaken further remediation works at both the Caragabal and Quandialla waste facilities. Council is continuing to hold regular meetings with the EPA regarding the required remediation works and the option of encapsulating potentially asbestos containing soils at each site.

7.6 WASTEWATER TREATMENT PLANT REPORT**File Number:****Author:** Arts and Tourism Officer**Authoriser:** Director Corporate Services**Attachments:**

1. Attachment 1 Wastewater Treatment Plant FY23-24 budget
2. Attachment 2 Wastewater Treatment Plant Financial Strategy

CSP Objective: Shire assets and services delivered effectively and efficiently**Precis:** Provide ARIC with a preliminary high level report on Councils Wastewater Treatment Plant**Budget:****RECOMMENDATION**

1. That the ARIC receive and note the information contained in this report.
2. Provide ARIC with a high level financial summary for financial year 2025 & financial year 2026.

COMMITTEE RESOLUTION 041/24

That the Audit, Risk & Improvement Committee:

1. Receive and note the information contained in this report.
2. Request management to provide the committee with a high level financial summary for the forecasted financial years of 2025 & 2026 based on current understanding of operational costs and proposed savings.

CARRIED**PURPOSE**

This report provides a structured approach to addressing the financial challenges identified by the Audit, Risk and Improvement Committee. By focusing on revenue generation by sewer fund, cost management, and financial planning, Council can work towards ensuring the long-term sustainability of the Wastewater Treatment Plant (WWTP) in Grenfell.

BACKGROUND

The new Wastewater Treatment Plant (WWTP) in Grenfell, NSW, was completed on February 4, 2022.

Following a site inspection in August 2024, the Audit, Risk, and Improvement Committee (ARIC) identified financial sustainability issues in relation to restricted sewer fund income

and the WWTP's operational costs. There have been raised concerns that the sewer fund could run out of funds within 12 to 18 months.

ISSUES AND COMMENTS

The Audit, Risk and Improvement Committee requested for:

- The Council's current financial strategy, involving borrowing from restricted funds, raises concerns about the sustainability and operational viability of the WWTP.
- Immediate attention is required to address financial management practices and ensure that the sewer fund can support its intended operational expenses without risking depletion.

In December 2023, the Project Manager for Water & Sewer reported a significant gap between budgeted and actual expenditures for FY 2023-24, primarily in operational maintenance and employee wages. This gap is largely due to the critical nature of the Wastewater Treatment Plant (WWTP), which demands high levels of operational and financial input. [Attachment-1]

The key factors contributing to increased costs are:

- **Continuous Operation:** The WWTP operates 24/7, requiring around-the-clock resources and staffing.
- **Preventive Maintenance Priority:** Given the plant's essential role, preventive maintenance is necessary to prevent disruptions, which is costlier than reactive maintenance but minimises downtime risks.
- **Limited Supplier and Service Options:** The plant relies on specialised suppliers and service providers across Australia, which limits competitive pricing and drives up costs.
- **Delayed Access to Spare Parts:** Critical spare parts have long waiting periods, making quick fixes costly and sometimes forcing extended maintenance schedules.
- **Vulnerability to Natural Disasters:** The plant is susceptible to natural events like storms, floods, and hail, which can cause damage and require immediate repairs.
- **Regulatory Compliance:** The WWTP is strictly monitored by Commonwealth and State bodies, necessitating compliance with rigorous standards and potentially adding operational costs.

Based on these Council initiatives, here's an updated Operational Efficiency Plan for the WWTP that incorporates these internal improvements and builds on them for further enhancement.

- **Enhance Budget Awareness:** Ensure all team members can interpret and manage budget allocations within three months.
- **Cost Reduction via Sourcing:** Reduce procurement costs through alternative supplier sourcing.
- **Increase In-House Maintenance:** Achieve a 20% increase in in-house task completion by the end of the fiscal year, while ensuring adherence to WHS and risk management standards.
- **Boost Innovation:** Implement new ideas from team brainstorming sessions within six months.
- **Effective Resource Utilisation** in terms of hours, overtime.

Below is the financial outcome from the years 2022-25:

Financial Year (FY)	OPERATING INCOME (\$)	BUDGET (\$)	OPERATING EXPENDITURE (\$)	Shortage/ Surplus (Income Vs Budget)	Shortage/ Surplus (Income Vs Expenditure)
2022-23	651,447.00	146,931.85	856,044.97	504,515.15	-204,597.97
2023-24	704,692.00	841,989.21	654,308.54	-137,297.21	50,383.46
2024-25	810,443.67	671,484.36	645,853.26	138,959.31	164,590.41

*The operating expenditure of FY 2024-25 is forecasted only.

The Council initiated efforts to cap the WWTP’s operating expenditure at \$200,000. However, an unexpected hailstorm in December 2023 caused extensive damage, resulting in a significant rise in operational costs beyond the planned budget.

The Council plans to allocate any accumulated surplus toward future sewer program renewals as depreciation-mains. However, if budgetary shortfalls arise, additional financial assistance may be necessary to support these essential infrastructure projects. [Attachment-2]

POLICY/LEGAL IMPLICATIONS

There are two major legislation which would need to be considered during the financial challenges of WWTP-

- s 410 *Local Government Act 1993*
- Part 5.7A of the *Protection of the Environment Operations Act 1997 (the POEO Act)*

FINANCIAL/RESOURCE IMPLICATIONS

The matters raised in the update relate to financial and resource implications of concern for Council. Those requiring attention are highlighted as an ongoing concern for staff.

The forecasted expenditure highlights the Council’s proactive planning efforts. However, flexibility for unexpected costs, such as those arising from natural disasters or other unforeseen events, is essential to maintain financial stability for the WWTP.

INTERNAL/EXTERNAL CONSULTATION

Council has endorsed the General Manager to make necessary additions or amendments to the WWTP report, with all actions and changes to be reported back to the Audit, Risk, and Improvement Committee (ARIC). To date, consultation has been limited to internal staff, with no actions added for external consultation.

A presentation will be provided to the ARIC at this meeting.

CONCLUSION

The combination of 24/7 operation, preventive maintenance demands, specialized suppliers, disaster vulnerability, and strict regulatory oversight contributes to the WWTP's

high operational costs. Addressing these challenges is crucial to ensuring long-term operational sustainability for the WWTP and improving financial resilience.

Council's allocation strategy for any surplus funds toward sewer program renewals is forward-looking. However, establishing flexible funding options and contingency plans is essential to accommodate unexpected costs and maintain financial stability for the WWTP over the long term.

Action Items:

- Provide the ARIC with a high level financial summary for the forecasted financial years of 2025 & 2026 based on current understanding of operational costs and proposed savings.

7.7 SELF-INITIATED IMPROVEMENT MANAGEMENT PLAN UPDATE

File Number:

Author: Arts and Tourism Officer

Authoriser: General Manager

Attachments: 1. SELF-INITIATED IMPROVEMENT MANAGEMENT PLAN

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 as of 18 November 2024.

COMMITTEE RESOLUTION 042/24

That the Audit, Risk & Improvement Committee note and receive the report including the update of actions as of 18 November 2024.

CARRIED

PURPOSE

To continue to monitor the progress of the Self-Initiated Improvement Management Plan ('the Plan'). The Plan provides an operational and strategic program of works that improves the financial sustainability for Weddin Shire Council and address the governance, administrative, compliance and organisational matters identified during the 2022-23 Financial Statement preparation. An action update is provided as of August 2024.

BACKGROUND

At the 28 September 2023 Ordinary Meeting, Council identified a range of issues and challenges relating to our financial sustainability and resourcing. A number of these issues were found during the preparation of the Draft Annual Financial Statements for the 2022-2023 period. Other observations of issues and challenges are noted following a change in management.

The Audited Financial Statements found that the three biggest factors that concerns Council includes:

1. The restricted cash amount and breach as at 30 June 2023.
2. The amount of debtors and accruals at 30 June 2023.
3. The amount of grant liabilities at 30 June 2023.

During the Audit process, further issues around contract management and accruals were identified. The Plan has been consulted with the Audit, Risk and Improvement Committee, the Council and staff and now reflect those discussions.

ISSUES AND COMMENTS

Council endorsed the Self-Initiated Improvement Management Plan at its December Ordinary Meeting (Resolution 279/23).

The plan provides:

- Background information to explain why we have initiated this plan.
- The objective focusing on improving the financial sustainability and addressing the immediate issues identified.
- Aims to allow staff, the Council, stakeholders and community to focus on.
- The plan includes short term, medium term and strategic performance for business improvement focus and goals have been provided. They are broken up into each section. The actions have been expanded with supporting information.
- The tables provide information on what the performance improvement objective is and why we are doing it. The quick summary allows readers to be across the issue. The table includes a number of required outcomes under each objective, which are followed by actions to help achieve the action and objective. The 'how to' part. The table outlines the support and systems needed to help achieve these actions. It also outlines who is responsible and the support staff. An indicative timeline is provided. Each table is wrapped up with a consequence statement. By achieving the objective/outcome, there will be a good consequence for the organisation.

Updates

An action update has been provided to the ARIC as of 25 November 2024. The changes are in yellow highlight for ease of reference.

Similar to the Report Card, the Status provides simple words to the ARIC and Council to monitor issues requiring attention.

Key	Explanation
Completed	The action is completed.
Needs Attention	Requires the ARIC/Council's focus, possible ongoing concern.
Does Need Attention	Generally considered as in progress and on track.

The following provides an overview of actions and their status updates:

	Completed	Does not need attention	Needs attention	Total
Short term	1	13	3 (3.3, 5.1 & 5.2)	17
Mid Term	0	2	1 (6.1)	3
Strategic	0	4	2 (7.1 & 8.2)	6

In summary this includes:

Short Term

3.3 Review of natural disaster claims process and improve internal function of documenting and submitting in claims.

5.1 All procurement purchases are supported with relevant quotes and or tenders.

5.2 All contract management is streamlined and uniformed.

Mid-Term

6.1 Council adopts a Strategic Risk Management Framework.

Strategic

7.1 Resourcing to support financial Management (the People)

8.2 Adoption of new Long Term Financial Plan (LTFP).

POLICY/LEGAL IMPLICATIONS

There are no direct policy or legal implications arising from this report.

FINANCIAL/RESOURCE IMPLICATIONS

The matters raised in the update relate to financial and resource implications of concern for Council. Those requiring attention are highlighted as an ongoing concern for staff.

INTERNAL/EXTERNAL CONSULTATION

Council endorsed that the General Manager add or amend the plan as required and actions and amendments are reported to the ARIC and then to Council (Resolution 279/23). At this stage, following consultation with staff, no additional actions have been added onto the plan.

CONCLUSION

The Self-Initiated Improvement Management Plan is an opportunity for Council Officers to address a number of issues found during the preparation of the Annual Financial Statements for the 2022-2023 period. It allows an opportunity to address weaknesses within the business system, improve procedures and process and increase our reporting and accountability through the number of objectives, outcomes and actions proposed.

7.8 RISK REGISTER AND BUSINESS CONTINUITY PLAN**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 and Business Continuity Plan**Budget:****RECOMMENDATION**

That the Audit Risk and Improvement Committee:

1. Receive and note this report including the information update on the risk register and business continuity plan.

COMMITTEE RESOLUTION 043/24

That the Audit, Risk & Improvement Committee receive and note this report including the information update on the risk register and business continuity plan.

CARRIED**RISK REGISTER**

The ARIC considered a report on risk management at its last meeting on 27 November 2023 (Committee Resolution 004/23). Since the last ARIC meeting, Council's Executive Team had not progressed on the prior risk register workshop which populated about 75% to 80% of the risk register. Upon utilising the Statewide Mutual/JLT register, Council's Executive team agreed that it was missing an Implication Risk (e.g. Policy, Legal, Financial, or Resource). The risks also needed to be further classified in to "operational" or "strategic" risks. This will be added in. Upon completion of the risk register, this will help to inform the Strategic Risk Management Framework. The Risk Register currently looks at the following functions separately:

- Council and Governance
- Animal Control
- Aquatics
- Arts
- Buildings
- Cemeteries
- Community Services
- Compliance (Environmental)
- Contract Management (to be inserted in)
- Customer Services
- Economic Development & Tourism

- Environmental & Natural Resources
- Events
- Finance
- Fleet
- Human Resources
- Information Services
- Insurance
- Library
- Planning
- Procurement (To be inserted)
- Records
- Recreation
- Roads & Drainage
- Technical Services
- Waste
- Water

A snapshot of an example is provided below of the Council and Governance Risk Register:

Risk Description	Inherent Consequence	Inherent Likelihood	Inherent Risk	Existing Controls	Residual Risk	Action Plan (If required)	Responsible Officer	Due Date
Lack of governance and risk function	Moderate	Possible	HIGH	Executive Team fill in the gaps for the lack of standalone position	Moderate	Governance and Risk Officer	General Manager	Ongoing
Fraud and corruption	Moderate	Possible	HIGH	Fraud and corruption policy Dignity and Respect Training (including fraud and corruption)	Moderate	Additional training organised Fraud and Corruption Procedure	Corporate Services	Ongoing
Conflicts of interest	Moderate	Possible	HIGH	KMP to submit forms/Written Returns of Interest Public Interest Disclosure Policy	Moderate	Additional conflict of interest forms for staff in consideration of applications/ procurement	Corporate Services	Ongoing
Code of Conduct (Building Certifiers)	Minor	Rare	LOW	Registration/Accreditation with Fair Trading	Low	Ongoing CPD	Environmental Services	Ongoing
Code of Conduct compliance	Moderate	Possible	HIGH	Respect and Dignity Training (Staff and Councillors) Adopt Model Code of Conduct	Low	Continue ongoing training Ensure Model Code is the most up-to-date	Human Resources/WHS	Ongoing

There are individual worksheets in the risk register for all the function areas listed above.

The resourcing issue for the last reporting period was impacted by other competing priorities such as the Audit of the Financial Statements and the General Manager’s absence.

BUSINESS CONTINUITY PLAN

Council through the Statewide Mutual Board Initiatives (through Marsh Strategic Risk Consulting) undertook a Business Continuity Scenario-based Exercise workshop on 24 April 2024. The scenario related to the Council Administration building burning down and the risks, issues, actions and subsequent follow up require. It was an excellent workshop with Council’s Executive Team, IT Officer and the Work, Health and Safety Officer. It allowed Council to identify risks associated with that scenario.

As a result, Council has engaged with Marsh Strategic Risk Consulting to begin its Business Continuity Plan. A Start Up meeting occurred on 13 August 2024. Council is estimating a final draft by October 2024, however this was not received by the time of reporting. A verbal update will be provided to the ARIC.

Action items:

- Change due dates from ongoing to a specific target date.

7.9 DRAFT ARIC WORKPLAN**File Number:****Author:** Arts and Tourism Officer**Authoriser:** General Manager**Attachments:** 1. DRAFT ARIC WORKPLAN 2024 (WEDDIN SHIRE COUNCIL)**CSP Objective:** Democratic and engaged community supported by efficient internal systems**Precis:** To provide ARIC with a verbal update on progress**Budget:****RECOMMENDATION**

That the Audit, Risk & Improvement Committee:

1. Endorse the draft ARIC Workplan
2. For the endorsed Workplan to be presented to Council for consideration and adoption.

COMMITTEE RESOLUTION 044/24

That the Audit, Risk & Improvement Committee:

1. Endorse the draft ARIC Workplan
2. For the endorsed Workplan to be presented to Council for consideration and adoption.

CARRIED**PURPOSE**

To provide ARIC with a verbal update on progress of the ARIC workplan.

BACKGROUND

The Audit, Risk and Improvement Committee considered a draft Terms of Reference at its 24 July 2023 meeting and recommended it to Weddin Shire Council for adoption.

In accordance with Section 8 – Work Plans states that the work of ARIC is to be thoroughly planned and executed. The ARIC must develop a strategic work plan every four years to ensure that the matters listed in Schedule 1 are reviewed by the ARIC and considered by the Internal Audit Function when developing their risk-based program of internal audits.

At the 26 August 2024 meeting, it was noted that the draft template had been developed, thought timing of tasks needed to be reviewed and agreed upon by Council.

ISSUES AND COMMENTS

The OLG Guidelines require each council in NSW to have:

- an Audit, Risk and Improvement Committee (“ARIC” or “Committee”) that continuously reviews and provides independent advice to the council on how it is functioning and managing risk;

- a robust Risk Management Framework that accurately identifies and mitigates the risks facing the council and its operations; and
- an effective Internal Audit Function that provides independent advice as to whether the council is functioning effectively and the council's internal controls to manage risk are working.

The three mandatory governance mechanisms are vital to ensure that councils are doing the right things the best way they can for their communities and are on track to delivering their community's goals and objectives.

The OLG established the Guidelines in December 2023 to assist councils to comply with statutory requirements under the Act and the Regulation. The Committee is an advisory body only. It exercises no administrative functions, has no delegated financial responsibilities, and does not perform any management functions of council. The Committee provides independent advice to the council, which is informed by council's internal audit and risk management activities, as well as information and advice provided by council staff, relevant external bodies, and other subject matter experts.

The draft ARIC Workplan outlines the actions and activities that will be the focus of the Committee over the council term of 2024-2028, and is attached for the Committee's consideration and endorsement.

POLICY/LEGAL IMPLICATIONS

Meet requirements of the Local Government Act, 1993 and ARIC Terms of Reference.

FINANCIAL/RESOURCE IMPLICATIONS

None for council as this is an ARIC function.

INTERNAL/EXTERNAL CONSULTATION

Per advice from ARIC.

CONCLUSION

To form an ARIC workplan to adopt for the 2025 financial year.

7.10 OTHER BUSINESS

The committee members were provided with a brief update of the EOI process for ARIC members, also noting Council's decision at their recent meeting on 21 November to reappoint Ron Gillard as the Chair from 1 January 2025.

8 NEXT MEETING

2026 Meeting dates | 4th Monday of February, May, August & November 2025

- 24 February 2026
- 26 May 2026
- 25 August 2026
- 24 November 2026

A decision on the need for a special meeting will be accessed by the Chair during the first half of 2025 after considering progress surrounding the replacement of the Director – Corporate Services, as well as the external auditor's Annual Engagement Plan. It was also suggested that an out-of-session review of the draft financials prior to audit referral may be a more effective approach and use of Weddin's limited resources given the significant improvements made by council during 2024.

9 CLOSURE

The Meeting closed at **12:05pm**.

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

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CHAIRPERSON