

## Minutes

### Audit Risk and Improvement Committee

18 October 2024 commencing at 10.00am

**Members (voting):** Linda MacRae (Independent external member and Chairperson), Peter McLean (Independent external committee member).

**Member (non-voting):** Cr. Rowena Black (Councillor Representative).

**Attendee (non-voting):** Adrian Butler (General Manager), Jo Shannon (Internal Audit Coordinator and Deputy General Manager).

**Invited Participants:** Jason Gilbert (External Auditor - Crowe), Carolyn Rosetta-Walsh (Adams Kenneally White), Hugh Wilson (Audit Office of NSW), Theo Panagopoulos (Director Engineering Services), Luke Bobilak (Manager People and Culture), Martine Hall (Governance Officer), Shane Norman (Manager Finance).

**Apologies:** Susan Appleyard (Director Development and Environmental Services).

**Purpose:** As per Committee Terms of Reference 17/13884.

Note: The order of items is recorded in the order in which they are presented at the meeting.

#### ITEM 1. Governance 10.00 am

##### 1.1 Apologies

One apology for the meeting as noted above.

**RESOLVED:**

1. THAT the apology listed above be noted.

**CARRIED**

##### 1.2 Conflicts of Interest

There were no conflicts of interest declared.

**RESOLVED:**

1. THAT the Committee noted there were no conflicts of interest declared.

**CARRIED**

### 1.3 Endorse Minutes of Previous Meeting

The status of previous minutes from ARIC Committee meetings is as outlined in the table below:

| Date of meeting  | Draft minutes circulated to Chair and Committee | Draft minutes presented to Council  | Minutes endorsed by ARIC | Minutes uploaded to Council's website |
|------------------|---|-------------------------------------|--------------------------|---------------------------------------|
| 4 September 2024 | 13 September 2024                               | *Council Meeting<br>22 October 2024 |                          |                                       |

| Date of meeting | Draft minutes circulated to Chair and Committee | Minutes endorsed by ARIC | Final minutes presented to Council  | Minutes uploaded to Council's website |
|-----------------|---|--------------------------|-------------------------------------|---------------------------------------|
| 14 June 2024    | 9 July 2024                                     | 4 September 2024         | *Council Meeting<br>22 October 2024 |                                       |
| 8 March 2024    | -   | 14 June 2024             | 30 July 2024                        | 20 August 2024                        |
| 8 December 2023 | -   | 8 March 2024             | 26 March 2024                       | 9 April 2024                          |

**Discussion:**

The Minutes of the meeting held on 4 September 2024 were submitted to the Committee to endorse as being a true and correct copy.

In accordance with the *Risk Management And Internal Audit for Local Government in NSW Guidelines*, the minutes of the meeting were signed by the Chair after they were confirmed as an accurate record of the meeting.

Following document was referenced:

[Attachment 1. Draft Federation ARIC Meeting Minutes 20240904 \(24/38216\)](#)

**RESOLVED:**

1. THAT the Committee endorsed the Minutes of the Audit Risk and Improvement Committee meeting held on 4 September 2024 as complete and accurate.
2. THAT the Chair sign the Minutes of the Audit Risk and Improvement Committee meeting held 4 September 2024 to confirm they have been endorsed by the Committee as being true and accurate.
3. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 4 September 2024 be published on Council's website, once the Council has noted the Draft Minutes at the Council meeting on 22 October 2024 (Action for GO).
4. THAT the Minutes of the Audit Risk and Improvement Committee meeting held on 18 October 2024 be reviewed and approved by the Chair and submitted to the 26 November 2024 Council meeting, for noting (Action for GO).

**CARRIED**

## 1.4 Independent Member Recruitment

The Committee was advised that positive references have been received for the interviewees.

### Discussion:

The recruitment panel agreed to convene following the ARIC meeting to determine its recommendations which will be submitted to the Council meeting scheduled for 26 November 2024.

### RESOLVED:

1. THAT the Committee noted the update.
2. THAT a recommendation for the new ARIC Committee members be submitted to the 26 November 2024 Council Meeting for endorsement (Action for DGMCF0).

### CARRIED

## ITEM 2. Financial Management 10.05 am

### 2.1 Annual Financial Statements for the Year ended 30 June 2024

#### Discussion:

Representatives of the NSW Audit Office advised the Committee that the draft Engagement Closing Report will be provided today with the Final Management Letter to be made available as soon as possible. The Auditors also advised of the following:

- The RFS issue will be reduced to a moderate risk rating and the prior year qualification to the audit opinion will be removed.
- There were no high-risk matters identified (at this stage). It is anticipated that any issues raised will be rated moderate or low risk.
- The calculation of the landfill rehabilitation provision remains an open item. Progress was noted and it was recommended by the Auditors that Council finalise this matter by 30 June 2025. The Director Engineering Services advised that the landfill rehabilitation calculation was complex and was contingent upon the completion of Council's waste management strategy which was not expected by June 2025.
- The integrity of Council's asset data has improved; however, this matter requires more resourcing to ensure errors don't occur in future.
- There are unadjusted audited differences that primarily relate to prior year disclosures. These are not considered material.

The External Auditor advised that Council's responsiveness during the audit process was appreciated by all involved.

*Hugh Wilson left the meeting at 10.25 am.*

The Committee reviewed the Financial Statements for the year ending 30 June 2024 and discussed the:

- Increase in Government Grants.
- Categorisation of many Government Grants (regular and 'one off' grants and as operating income (not capital) and how this could be confusing for the Council and Community as a more positive performance and cash result is reported. The disclosure as a liability (not income) of some of these grants was discussed.

- Importance of focusing on the unrestricted cash to gain a true indication of the Council's financial status.
- The improvement of Interest on investments income was noted and clarification regarding grant conditions in relation to accruing interest on unspent grants was sought.
- Increase in insurance refund recovery.
- Disposal of assets.
- Improvement in unrestricted cash. This situation requires ongoing careful management.
- Landfill rehabilitation provision and that whilst progress will be made it is unlikely it will be completed by the audit recommended June 2025 date.
- Employee leave entitlement provision.
- Status of the not-for-profit loan in non-current receivables.
- Riverina Regional library financial information.
- Contingency third-party claims.
- Performance measures.

The Committee suggested that Council be provided with a 30 June 2024 financial management report (briefing) that included clarity around the Council's end of year financial position, concentrating on providing details regarding Council's income and expenses that it has control over; the impact and Council's reliance on government grants, as well as explaining the restricted and unrestricted cash position.

Following documents were referenced:

[Attachment 2. Annual Financial Statements General Purpose Financial Statements 2024](#)

[Attachment 3. Attachment 3 Annual Financial Statements Special Purpose Financial Statements 2024](#)

*Jason Gilbert left meeting at 11.13 am.*

**RESOLVED:**

1. THAT the Committee express its appreciation and thanks to all the Council staff and staff at Crowe and the Audit Office of NSW for their work in preparing the Annual Financial Statements within the very tight time frame.
2. THAT any changes to the Annual Financial Statements be forwarded to the ARIC Chair for noting (Action for MF).
3. THAT the Committee advise the Council that it has considered and reviewed the Annual Financial Statements for the year ended 30 June 2024 and notes that Council is scheduled to adopt these Statements at its meeting on 22 October 2024 (Action for DGMCF0).

**CARRIED**

## **ITEM 3. Internal Audit 11.13 am**

### **3.1 Internal Audit – Credit Cards**

Verbal Report provided.

#### **Discussion:**

The Credit Card Internal Audit report is expected to be available for the 13 December 2024 ARIC meeting.

#### **RESOLVED:**

1. THAT the Committee note the update.
2. THAT the Credit Card Internal Audit report (if available) be made available to the Committee at the 13 December 2024 ARIC meeting (Action for DGMCF0).

#### **CARRIED**

### **3.2 Internal Audit – Payroll**

The Committee was advised that Council expects to receive a Draft Payroll Internal Audit Scope from the Internal Auditors within the next week and this will be circulated to ARIC members for their consideration and input.

#### **RESOLVED:**

1. THAT the Committee note the update.
2. THAT the Draft Payroll Internal Audit Scope be circulated to the Committee before the 13 December 2024 ARIC meeting (Action for DGMCF0).

#### **CARRIED**

### **3.3 Internal Audit Reports - Actions Update**

Report unavailable for the meeting.

Item deferred to 13 December 2024 meeting.

### **3.4 Internal Audit - Reports of Interest (late item)**

The Committee was provided the AKW Summary Report which includes reports by other authorities that have been issued.

#### **Discussion:**

The Committee was advised that cyber security and information technology continue to be key areas of focus.

#### **RESOLVED:**

1. THAT the Committee note the report.

#### **CARRIED**

## **ITEM 4. Risk Management & Compliance 11.15 am**

### **4.1 WHS Incident Reporting – Volunteer Incident Update**

Verbal update provided to the Committee. The Committee requested an update at the 13 December 2024 ARIC meeting.

#### **RESOLVED:**

1. THAT the Committee note the update.
2. THAT the Committee express its concern regarding the significant risks in this situation and notes that management are taking steps to address these risks and to ensure that such a situation does not reoccur.
3. THAT the Committee be provided with an update on the incident at the 13 December 2024 ARIC meeting (Action for DGMCF0).

### **4.2 Strategic Risk Register**

The Committee was advised that the Risk and Safety team have progressed with the Strategic Risk Register and are currently working with Managers to update.

The Committee requested an update at the 13 December 2024 ARIC meeting.

#### **RESOLVED:**

1. THAT the Committee be provided with an updated Strategic Risk Register at the 13 December 2024 ARIC meeting (Action for MPC).

#### **CARRIED**

## **ITEM 5. General Business 11.29 am**

### **5.1 Section 355 Committees**

#### **Recruitment of Volunteer Coordinator (update)**

Council has consolidated the Volunteer Coordinator role into the existing Governance Support Officer position. This role has been offered on a 12-month fixed-term basis, with a review to be conducted at the end of the 12 months.

The new Governance Support Officer commenced their duties on 14 October 2024.

#### **Discussion:**

The Committee was concerned that the role was not an ongoing role. It was clarified that this is an ongoing role, and the permanent role will be advertised mid next year (2025) after a review.

#### **RESOLVED:**

1. THAT the Committee noted the update.

#### **CARRIED**

## **ITEM 7. Next Meeting 11.33 am**

### **7.1 Schedule of Meetings for 2024**

At the December 2023 ARIC meeting, the Committee adopted the following schedule of meetings for 2024:

- Friday 8 March 2024 (amended from Friday 1 March 2024)
- Friday 14 June 2024
- Wednesday 4 September 2024 (amended from Friday 23 August 2024)
- Friday 18 October 2024 (amended from Friday 11 October 2024)
- Friday 13 December 2024

#### **RESOLVED:**

1. THAT the Committee noted the schedule of future meetings.

#### **CARRIED**

## **ITEM 6. Risk Management & Compliance 11.34 am**

### **6.1 Legal Matters**

Verbal update provided to the Committee.

#### **RESOLVED:**

1. THAT the Committee noted the update.

#### **CARRIED**

## **Other Business – Farewell to Peter McLean 11. 45 am**

With the pending recruitment of two new ARIC independent members, today was potentially Peter McLean's last ARIC Meeting.

The Chair thanked Peter, personally and professionally for his advice and extensive support during the seven years they have served together on the ARIC Committee. Peter's collaborative approach has been greatly appreciated by the Chair and the Committee during this time. The Chair extended her best wishes to Peter with his busy life as a father, business executive, councillor and community worker.

The General Manager thanked Peter for his research and insightful comments which have significantly enhanced the Committee's effectiveness and outputs.

**Meeting Closed at 11.47 am.**