

## Item 12: Reports from Committees

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### 12.1 Audit Risk and Improvement Committee Minutes - 14 October 2022

REPORT BY THE EXECUTIVE MANAGER, PEOPLE AND PERFORMANCE  
TO 16 NOVEMBER 2022 ORDINARY MEETING  
GOV400098, COR400236

#### RECOMMENDATION

##### That Council:

1. receive the report by the Executive Manager, People and Performance on the Audit Risk and Improvement Committee Minutes - 14 October 2022; and
  2. endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 14 October 2022.
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#### Executive summary

This report is to advise Council of the matters given consideration at the meeting of the Audit Risk and Improvement Committee held on 14 October 2022.

#### Disclosure of Interest

Nil

#### Detailed report

The Audit Risk and Improvement Committee Charter requires the Committee to report to Council at the first opportunity (dependent on meeting schedules) after each meeting held. Attached to this report are the minutes of the 14 October 2022 meeting.

#### Community Plan implications

<b>Theme</b>	<b>Good Government</b>
Goal	An effective and efficient organisation
Strategy	Prudently manage risks association with all Council activities

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#### Strategic implications

##### Council Strategies

Not Applicable

**Council Policies**

Audit Risk and Improvement Committee Charter  
Internal Audit Policy

**Legislation**

Local Government Act 1993

Financial implications

Not Applicable

Associated Risks

Nil

MICHELE GEORGE  
EXECUTIVE MANAGER, PEOPLE AND  
PERFORMANCE

17 October 2022

*Attachments:* 1. ARIC Minutes - 14 October 2022 Meeting.pdf.

APPROVED FOR SUBMISSION:

BRAD CAM  
GENERAL MANAGER

## Minutes of the Audit, Risk and Improvement Committee

Held at the Council Chambers, 86 Market Street, Mudgee  
on 14 October 2022, commencing at 9:30AM and concluding at 10:31AM.

COMMITTEE MEMBERS PRESENT ARIC Chair J Stuart, Committee Member K Dicker and Independent Member J Bentley.

COUNCIL OFFICIALS PRESENT General Manager (Brad Cam), Executive Manager People and Performance (Michele George), Director Community (Simon Jones), Director Operations (Julian Geddes), Director Development (Alina Azar), Acting Chief Financial Officer (Neil Bungate), WHS and Risk Coordinator (Veronika Barry), Governance Coordinator (Ashleigh Marshall) and Business Improvement Officer (Erin Reid).

EXTERNAL PARTIES PRESENT Prosperity (Luke Malone) and (NSW Audit Office) Unaib Jeffrey.

### Item 1: Apologies

An apology was received for the absence of Alison Lee (Crowe).

### Item 2: Disclosure of Interest

There were no disclosures of interest.

### Item 3: Confirmation of Minutes

53/22 MOTION: Bentley / Dicker

**That the Minutes of the previous Audit Risk and Improvement Committee Meeting held on 12 August 2022 be taken as read and confirmed.**

*The motion was carried with the Committee Members voting unanimously.*

Item 4: Matters in Progress

SUBJECT	MEETING DATE	RESOLUTION	ACTION
Draft 2021/22 External Audit Engagement	25/02/2022	<p><b>05/22</b>  <b>MOTION: Bentley / Stuart</b></p> <p><b>That the Audit Risk and Improvement Committee:</b></p> <p>a) <b>endorse the draft 2021/22 External Audit Engagement Plan; and</b></p> <p>b) <b>schedule an ARIC meeting between 7 October and 19 October 2022 in accordance with the draft 2021/22 External Audit Engagement Plan.</b></p>	<p><b>22 Mar 2022</b>                      22/3/22 Erin Reid - In consultation with Neil Bungate, a report for the May ARIC Meeting will set the Schedule of Meetings for the next 12 months. A suitable date will be selected for an October 2022 ARIC meeting for the committee to deal with the 2021/2022 Financial Statements as per the draft 2021/22 External Audit Engagement Plan.</p> <p><b>03 Jun 2022</b>                      03/06/2022 Erin Reid - On 20/05/2022, ARIC endorsed the forward 12 month meeting plan. The Financial Statements will be presented to the 14 October 2022 meeting.</p>
ARIC Annual Workplan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines.	25/02/2022	<p><b>15/22</b>  <b>MOTION: Bentley / Stuart</b></p> <p><b>That the Audit, Risk and Improvement Committee:</b></p> <p>1. <b>note the report on the ARIC Annual Work plan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines; and</b></p> <p>2. <b>determined to wait for the commencement of the guidelines and develop the annual work plan and four year strategic plan in</b></p>	<p><b>22 Mar 2022</b>                      22/03/2022 Erin Reid - the Risk Management and Internal Audit Guidelines due to be adopted into legislation in June 2022. ARIC work plans to be created in the 22/23 financial year.</p> <p><b>01 Aug 2022</b>                      29/07/2022 Erin Reid – advice provided at the Local Government Internal Auditors Network meeting from the OLG is that the Draft Guidelines will come into effect in the coming months.</p>

			<b>the 22/23 financial year.</b>	
Enterprise Management Update	Risk	12/08/2022	<p><b>41/22 MOTION: Dicker / Bentley</b></p> <p><b>That the Audit, Risk and Improvement Committee note the Enterprise Risk Management update.</b></p> <p><b>The Committee requested that the Mid-Western Regional Council's organisation structure be presented to ARIC once complete in TechOne.</b></p>	<p><b>28 Sep 2022</b>                  28/09/2022 Erin Reid -                  The Organisational Hierarchy is being updated by the Finance Team for the purposes of moving TechOne to CI anywhere. This work has progressed to the test environment and once completed the committee will be provided with an update.</p>

*The Chair moved forward items 6.1, 6.3, 6.4, 6.5, 7.1 and 7.2 in the agenda.*

6.1 LEGISLATIVE COMPLIANCE REPORT

COR400236, COR400236, COR400243

54/22

**MOTION: Dicker / Bentley**

**The Audit, Risk and Improvement Committee:**

1. noted the Legislative Compliance report; and
2. supported the revised Legislative Compliance Policy and Database Implementation Roadmap; and
3. requested that the Draft Legislative Compliance Policy be presented to the next committee meeting.

*The motion was carried with the Committee Members voting unanimously.*

6.3 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS

COR400236, COR400236

55/22

**MOTION: Bentley / Dicker**

**The Audit Risk and Improvement Committee noted:**

1. there were no fraud incidents since the last ARIC meeting;
2. there was one incident of Procurement Breach since the last ARIC meeting; and
3. the actions taken to address the items.

*The motion was carried with the Committee Members voting unanimously.*

6.4 ENTERPRISE RISK MANAGEMENT UPDATE

COR400236, COR400236

56/22

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the Enterprise Risk Management update.**

*The motion was carried with the Committee Members voting unanimously.*

6.5 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400236

57/22

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the WHS Reports for July 2022 and August 2022.**

*The motion was carried with the Committee Members voting unanimously.*

7.1 MID-WESTERN REGION TOWARDS 2040 COMMUNITY PLAN

COR400236, COR400236

58/22

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the Mid-Western Region Towards 2040 Community Plan.**

The committee congratulated Council staff on putting together such a comprehensive document.

*The motion was carried with the Committee Members voting unanimously.*

7.2 ASSET MANAGEMENT STRATEGY 2022-2026

COR400236, COU500082

59/22

**MOTION: Bentley / Dicker**

**The Audit Risk and Improvement Committee noted the Asset Management Strategy and Asset Management Policy.**

*The motion was carried with the Committee Members voting unanimously.*

**Item 5: Audit**

5.1 FINANCIAL STATEMENTS 2021/22 & AUDIT CLOSING REPORT

COR400236, COR300347

60/22

**MOTION: Stuart / Bentley**

**The Audit Risk and Improvement Committee (ARIC) Mid-Western Regional Council (MWRC), unreservedly endorses MWRC 21/22 Financial Statements with the non-inclusion of Rural Fire Services assets noting that it may result in a qualified Audit Opinion.**

**The Audit Risk and Improvement Committee, in relation to their view on non-inclusion of Rural Fire Services assets, has no confidence in the NSW Audit Office and the NSW Auditor-General as the NSW Audit Office and the NSW Auditor-General have not been able to demonstrate that they have conducted the Council's audit in accordance with:**

- 1. The Local Government Act 1993 and the regulations made thereunder;**
- 2. The Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board;**
- 3. The Local Government Code of Accounting Practice and Financial Reporting;**
- 4. Further, the ARIC views with deep concern the correspondence from the Hon. Wendy Tuckerman MP, Minister for Local Government, dated 6th October 2022 in relation to Rural Fire Service assets including the summary of financial implications for councils, which clearly demonstrates that both the Minister and NSW Treasury have a lack of understanding of the Australian Accounting Standards and the Local Government Code of Accounting Practice and Financial Reporting.**

The committee congratulated the Finance Team on completing the statements in this timeframe and on the result achieved.

Luke Malone, Prosperity thanked the Finance Team and noted that the audit process went well.

*The motion was carried with the Committee Members voting unanimously.*

**Item 6: Risk**

Item - 6.1 Legislative Compliance Report - was moved to up the agenda.

6.2 NSW AUDIT OFFICE ANNUAL PLAN

COR400236, COR400236

61/22

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the Audit Office of New South Wales' 2022–2025 Annual Work Program.**

*The motion was carried with the Committee Members voting unanimously.*

The following items were moved up the agenda:  
Item - 6.3 Fraud Incident & Procurement Breach Registers  
Item - 6.4 Enterprise Risk Management Update.  
Item - 6.5 Work Health and Safety Reports.

**Item 7: Improvement**

The following items were moved up the agenda:  
Item - 7.1 Mid-Western Region Towards 2040 Community Plan.  
Item - 7.2 Asset Management Strategy 2022-2026

7.3 UPDATE ON BUSINESS IMPROVEMENT AT MWRC

COR400236, COR400236

62/22

**MOTION: Bentley / Dicker**

**The Audit Risk and Improvement Committee noted the progress on the Business Improvement Program.**

*The motion was carried with the Committee Members voting unanimously.*

7.4 DRAFT LONG TERM FINANCIAL PLAN 2022-2032

COR400236, COR400236

63/22

**MOTION: Bentley / Dicker**

**The Audit Risk and Improvement Committee:**

1. received the report by the Acting Chief Financial Officer on the Draft Long Term Financial Plan 2022-2032; and
2. noted that at Council's ordinary meeting held on 21 September 2022 the draft Long Term Financial Plan 2022-2032 was endorsed to go on public exhibition for a period of 28 days.

The committee congratulated Council on the comprehensive document and noted that it was achievable.

*The motion was carried with the Committee Members voting unanimously.*



**Item 8: General Business**

8.1 OLG GUIDELINES FOR THE APPOINTMENT AND  
OVERSIGHT OF GENERAL MANAGERS AND SENIOR STAFF  
EMPLOYMENT DISCUSSION PAPER

COR400236, COR400236

64/22

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the Office of Local Government Guidelines for the appointment and oversight of General Managers.**

*The motion was carried with the Committee Members voting unanimously.*

8.2 ANNUAL REPORT BY THE COMMITTEE CHAIR

COR400236, COR400236

65/22

**MOTION: Bentley / Dicker**

**The Audit Risk and Improvement Committee received the Annual Report by the Chair and recommend that the report be presented to the November Council meeting.**

The committee thanked Council staff for the work they put in to the committee meetings.

The General Manager thanked the committee for their work over the past 12 months and noted the contribution of former committee member, John O'Neill (former Councillor).

*The motion was carried with the Committee Members voting unanimously.*

**Item 9: Closure**

There being no further business the meeting concluded at 10:31AM.