

## Item 12: Reports from Committees

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### 12.1 Audit Risk and Improvement Committee Minutes - 17 February 2023

REPORT BY THE EXECUTIVE MANAGER, PEOPLE AND PERFORMANCE  
TO 15 MARCH 2023 ORDINARY MEETING  
GOV400103, COR400236

#### RECOMMENDATION

##### That Council:

1. **receive the report by the Executive Manager, People and Performance on the Audit Risk and Improvement Committee Minutes - 17 February 2023;**
2. **endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 17 February 2023; and**
3. **endorse the following ARIC meeting schedule for the next twelve months:**
  - **26 May 2023**
  - **15 August 2023**
  - **24 November 2023**
  - **23 February 2023**
4. **endorse the following internal audit plan for 2023/2024:**
  - **Development Applications Fund Management**
  - **Monitoring of the Delivery Program and Operational Plan**

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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 17 February 2023

#### 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 17 February 2023 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

## 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

21 February 2023

*Attachments:* 1. ARIC minutes - 17 February 2023 Meeting.

### 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 17 February 2023, commencing at 9.09am and concluding at 11.04am

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

COUNCIL OFFICIALS PRESENT General Manager (Brad Cam), Executive Manager People and Performance (Michele George), Acting Director Community (Peter Raines), Director Development (Alina Azar), Chief Financial Officer (Leonie Johnson), Manager Customer Service and Governance (Richard Cushway), WHS and Risk Coordinator (Veronika Barry), Business Improvement Officer (Erin Reid) EA People & Performance (Paula Ewart).

EXTERNAL PARTIES PRESENT VIA AVL Prosperity (Luke Malone) and (NSW Audit Office) Cassie Malone, Amir Moussa (Crowe), Alison Lee (Crowe).

### Item 1: Apologies

There were no apologies

### Item 2: Confirmation of Minutes

01/23 MOTION: Bentley / Stuart

**The Minutes of the previous ARIC Meeting held on 14 October 2022 are taken as read and confirmed.**

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

Item 3: Matters in Progress

SUBJECT	MEETING DATE	RESOLUTION	ACTION
Draft 2021/22 External Audit Engagement	25/02/2022	<p><a href="#">05/22</a>  <b>MOTION: Bentley / Stuart</b></p> <p><b>That the Audit Risk and Improvement Committee:</b></p> <p>a) endorse the draft 2021/22 External Audit Engagement Plan; and</p> <p>b) schedule an ARIC meeting between 7 October and 19 October 2022 in accordance with the draft 2021/22 External Audit Engagement Plan.</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>                  On 20 May 2022, ARIC endorsed the forward 12 month meeting plan. The Financial Statements will be presented to the 14 October 2022 meeting.</p> <p><b>09 Feb 2023</b>                  The Financial Statements were presented to the 14 October 2022 ARIC Meeting.</p> <p><b>See report 5.2 of this agenda for the Final Engagement Closing Report 2022 and the Final Management Letter 2022.</b></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><a href="#">15/22</a>  <b>MOTION: Bentley / Stuart</b></p> <p><b>That the Audit, Risk and Improvement Committee:</b></p> <p>1. note the report on the ARIC Annual Workplan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines; and</p> <p>2. determined to wait for the commencement of the guidelines and develop the annual</p>	<p><b>22 Mar 2022</b>                  22/3/2022 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> <p><b>09 Feb 2023</b>                  9/02/2023 Erin Reid - The new Draft Risk Management and Internal Audit Guidelines are attached to report 8.3.</p>

		<p><b>work plan and four year strategic plan in the 22/23 financial year.</b></p>	<p>The guidelines will commence with the amendment of the regulations which is due in early 2023.</p>
Enterprise Risk Management Update	12/08/2022	<p><a href="#">41/22</a>  <b>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>                  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>
Legislative Compliance Report	14/10/2022	<p><a href="#">54/22</a>  <b>MOTION: Dicker / Bentley</b></p> <p><b>The Audit, Risk and Improvement Committee:</b></p> <p><b>1. noted the Legislative Compliance report; and</b></p> <p><b>2. supported the revised Legislative Compliance Policy and Database Implementation Roadmap; and</b></p> <p><b>3. requested that the Draft Legislative Compliance Policy be presented to the next committee meeting.</b></p>	<p><b>09 Feb 2023</b>                  Please refer to Report 6.5 of this agenda</p>

9.14am Councillor Dicker Joined the meeting

**Item 5: Audit**

5.4 INTERNAL AUDIT - COMMUNICATION AND COMMUNITY ENGAGEMENT STRATEGY REVIEW

COR400236, COR400236

**02/23 MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted;**

- 1. the final report by the internal auditors on Communication and Community Engagement Strategy; and**
- 2. the actions to be undertaken.**

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

7.3 COMMUNITY ENGAGEMENT STRATEGY

COR400236, COR400235

**03/23 MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the Community Engagement Strategy.**

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

9.23am Alina Azar left the meeting.

5.1 DRAFT 2022/23 EXTERNAL AUDIT ENGAGEMENT

COR400236, COR400243

**04/23 MOTION: Dicker / Bentley**

**The Audit Risk and Improvement Committee endorsed the draft 2022/23 External Audit Engagement Plan**

The Committee welcomed the new lead auditor, Cassie Malone, NSW AO.

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

5.2 FINAL AUDIT MANAGEMENT LETTER FOR YEAR ENDED 30 JUNE 2022

COR400236, FIN300347

**05/23 MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee received the Management Letter on the Final Phase of the Audit for the year ended 30 June 2022.**

The Chair noted that he would like an explanation why the report by Colin Parker, commissioned by OLG, was ignored by NSW AO.

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

5.3 INTERNAL AUDIT PROGRAM STATUS REPORT

COR400236, COR400243

**06/23 MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee received the Crowe Internal Audit Program Status Report.**

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

Item - 5.4 Internal Audit - Communication and Community Engagement Strategy review - has been moved to another part of the document.

5.5 UPDATE ON INTERNAL AUDIT ACTION ITEMS

COR400236, COR400236

07/23

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the progress on the internal action items.**

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

5.6 UPDATE ON EXTERNAL AUDIT ACTION ITEMS

COR400236, COR400236

08/23

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the progress on the external action items.**

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

9.49am Cassie Maole, Amir Moussa, Alison Lee and Luke Malone left the meeting.

**Item 6: Risk**

6.1 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400236

09/23

**MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the WHS Reports for September 2022, October 2022, November 2022 and December 2022.**

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

9.54am Richard Cushway joined the meeting

6.2 ENTERPRISE RISK MANAGEMENT UPDATE

COR400236, COR400236

10/23

**MOTION: Bentley / Dicker**

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

The Committee congratulated Veronika Barry, WHS & Risk Coordinator on the procedure.

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

6.3 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS  
COR400236, COR400236

11/23 **MOTION: Dicker / Bentley**

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

1. that there was one fraud incident since the last ARIC meeting; and
2. that there was one procurement breach incident since the last ARIC meeting.

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

6.4 LEGISLATIVE COMPLIANCE BREACHES  
COR400236, GOV400047

12/23 **MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted;**

1. the 11 legislative breaches that have not previously been reported to ARIC; and
2. the corrective actions taken to address the legislative breaches.

The Committee thanked the Governance staff for the report.

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

6.5 REVIEW - LEGISLATIVE COMPLIANCE POLICY (DRAFT)  
COR400236, GOV400047

13/23 **MOTION: Bentley / Dicker**

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

1. endorsed the draft reviewed Legislative Compliance Policy; and
2. recommended a report be prepared for Council consideration.

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



**Item 7: Improvement**

7.1 ICAC OPERATION WHITNEY - INVESTIGATION INTO THE  
CONDUCT OF THE LOCAL MEMBER FOR DRUMMOYNE  
COR400236, COR400236

**14/23 MOTION: Bentley / Dicker**

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

- 1. noted the ICAC Operation Whitney - Investigation into the conduct of the local member for Drummoyne; and**
- 2. noted the Mid-Western Regional Council's position against the relevant ICAC recommendations.**

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

7.2 UPDATE ON BUSINESS IMPROVEMENT AT COUNCIL  
COR400236, COR400236

**15/23 MOTION: Bentley / Dicker**

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

- 1. endorsed the Business Improvement Policy;**
- 2. noted the Service Delivery Review Framework; and**
- 3. noted the progress of the Business Improvement program.**

Michele George acknowledged the hard work of Veronika Barry (WHS & Risk Coordinator) and Erin Reid (Business Improvement Officer).

The Committee congratulated Erin Reid (Business Improvement Officer) on a job well done.

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

Item - 7.3 Community Engagement Strategy - has been moved to another part of the document.

7.4 ANNUAL REPORT 2021/22  
COR400236, COR400236

**16/23 MOTION: Bentley / Dicker**

**The Audit, Risk and Improvement Committee noted the Annual Report for the year ending 2021/22.**

The ARIC congratulated the staff for the presentation and quality of the Annual Report.

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

7.5 UPDATE ON BUSINESS IMPROVEMENT ACTION ITEMS

COR400236, COR400236

17/23

**MOTION:** Bentley / Dicker

The Audit, Risk and Improvement Committee noted the progress on the Business Improvement action items for;

- Fraud Control Improvement;
- Probity;
- Bushfire Lessons Learnt; and
- CivicRisk Mutual/Nexon Cybersecurity Risk Audit

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

7.6 COUNCIL SERVICE DELIVERY BENCHMARKING REPORT -  
2020/21 DATA COMPARATIVES

COR400236, COR400236

18/23

**MOTION:** Bentley / Dicker

The Audit, Risk and Improvement Committee;

1. received the report by the Chief Financial Officer on the Council Service Delivery Benchmarking Report - 2020/21 Data Comparatives; and
2. noted the comparative analysis provided in the OLG Mid-Western Regional Council Report and the Snowy Monaro Group 4 Financial Sustainability Benchmarking Report.

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

**Item 8:**

**General Business**

8.1 ANNUAL REPORT BY THE COMMITTEE CHAIR

COR400236, COR400236

19/23

**MOTION:** Bentley / Dicker

The Audit, Risk and Improvement Committee noted the 2021/2022 ARIC Annual Report.

The Chair raised the issue of redacting/removing signatures from official documents. A policy and procedure will be investigated further by Council Staff.

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

8.2 NEXT MEETING DATES AND AUDIT PLAN 2022/23 AND  
2023/24

COR400236, COR400236

20/23

**MOTION:** Bentley / Dicker

**The Audit Risk and Improvement Committee;**

1. endorsed the forward 12 month meeting plan, including meeting dates as follows:
  - 26 May 2023
  - 25 August 2023
  - 24 November 2023
  - 23 February 2024
2. noted the internal audit plan for 22/23 previously endorsed on 14 May 2021; and
3. endorsed the changes to the 23/24 internal audit program:
  - a. Development Applications Fund Management
  - b. Monitoring of the Delivery Program and Operational Plan

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

8.3 UPDATE: NEW GUIDELINES FOR RISK MANAGEMENT AND  
INTERNAL AUDIT FOR LOCAL GOVERNMENT IN NSW

COR400236, COR400236

21/23

**MOTION:** Bentley / Dicker

**The Audit, Risk and Improvement Committee noted;**

1. the approved New draft Guidelines for Risk Management and Internal Audit for Local Government in NSW;
2. that the amendments to the supporting regulations giving statutory force are expected to be made by early 2023; and
3. that council must comply with the guidelines from 1 July 2024.

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

**Item 9: Closure**

There being no further business the meeting concluded at 11.04am.

The next Audit, Risk and Improvement Committee will be held on the Friday, 26 May 2023 at Council Chambers, 86 Market Street, Mudgee.