

## Item 12: Reports from Committees

---

### 12.1 Audit Risk and Improvement Committee Minutes - 26 May 2023

REPORT BY THE GENERAL MANAGER  
TO 21 JUNE 2023 ORDINARY MEETING  
GOV400103, COR400236

#### RECOMMENDATION

##### That Council:

1. receive the report by the General Manager on the Audit Risk and Improvement Committee Minutes - 26 May 2023; and
  2. endorse the minutes and recommendations of the Audit Risk and Improvement Committee meeting 26 May 2023.
- 

#### 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 26 May 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 26 May 2023 meeting.

#### Community Plan implications

Theme	Good Government
-------	-----------------

---

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

BRAD CAM  
GENERAL MANAGER

6 June 2023

*Attachments:* 1. ARIC Meeting Minutes - 26 May 2023.

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 26 May 2023, commencing at 9:33am and concluding at 11am

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

COUNCIL OFFICIALS PRESENT General Manager (Brad Cam), Director Community (Simon Jones), Chief Financial Officer (Leonie Johnson), WHS and Risk Coordinator (Veronika Barry), Governance Co-ordinator (Ashleigh Marshall), Business Improvement Officer (Erin Reid), EA People & Performance (Paula Ewart).

EXTERNAL PARTIES PRESENT VIA AVL Associate Partner, Crowe (Jason Gilbert), Director, Corporate Assurance, Prosperity (Luke Malone).

### Item 1: Apologies

#### 1.1 APOLOGIES

22/23 MOTION: Stuart / Bentley

The apologies from

- Director Development (Aline Azar),
- Director Operations (Julian Geddes),
- Executive Manager People and Performance (Michele George),
- NSW Audit Office (Cassie Malone)

were accepted.

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

#### 1.2 ACKNOWLEDGEMENT OF MICHELE GEORGE EXECUTIVE MANAGER PEOPLE AND PERFORMANCE

23/23 MOTION: Bentley / Stuart

**Michele George was acknowledged for her hard work putting the Audit Risk and Improvement Committee in place, making Mid-Western Regional Council one of the first Councils to do so.**

The Committee wished her well in her retirement.

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

**Item 2: Disclosure of Interest**

There were no disclosures of interest.

**Item 3: Confirmation of Minutes**

24/23 MOTION: Stuart / Dicker

The Minutes of the previous ARIC Meeting held on 17 February 2023 were taken as read and confirmed.

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

**Item 4: Matters in Progress**

**Audit Risk and Improvement Committee**

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. See report 5.2 for the Final Engagement Closing Report 2022 and the Final Management Letter 2022.</p> <p><b>28 Feb 2023</b>  <b>At the 17 February 2023 ARIC Meeting the Final Engagement Closing Report 2022 and the Final</b></p>

			<p><b>Management Letter 2022 was presented.</b></p> <p><b><u>Recommended for completion</u></b></p>
<p>ARIC Annual Workplan and Four Year Strategic Plan and update on the Draft Risk Management and Internal Audit for Local Councils Guidelines.</p>	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> <ol style="list-style-type: none"> <li>1. 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</li> <li>2. determined to wait for the commencement of the guidelines and develop the annual work plan and four year strategic plan in the 22/23 financial year.</li> </ol>	<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. The guidelines will commence with the amendment of the regulations which is due in early 2023.</p>
<p>Enterprise Risk Management Update</p>	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>                  ER - 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>
<p>Legislative Compliance Report</p>	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>28 Feb 2023</b>  <b>At 17 February 2023 the Legislative Compliance Policy was presented.</b></p> <p><b><u>Recommended for completion.</u></b></p>

		<p>1. noted the Legislative Compliance report; and</p> <p>2. supported the revised Legislative Compliance Policy and Database Implementation Roadmap; and</p> <p>3. requested that the Draft Legislative Compliance Policy be presented to the next committee meeting.</p>	
Review Legislative Compliance Policy (Draft)	- 17/02/2023	<p><a href="#">13/23</a>  <b>MOTION:</b> Bentley / Dicker</p> <p>The Audit, Risk and Improvement Committee;</p> <p>1. endorsed the draft reviewed Legislative Compliance Policy; and</p> <p>2. recommended a report be prepared for Council consideration.</p>	<p><b>28 Feb 2023</b>                  Report to be prepared for Council for consideration.</p> <p><b>10 May 2023</b>                  10/5/2023 - Legislative Compliance Policy was adopted at the 15 March 2023 Meeting.</p> <p><b><u>Recommended for completion.</u></b></p>
Annual Report by the Committee Chair	17/02/2023	<p><a href="#">19/23</a>  <b>MOTION:</b> Bentley / Dicker</p> <p>The Audit, Risk and Improvement Committee noted the 2021/2022 ARIC Annual Report.</p> <p><i>The Chair raised the issue of redacting/removing signatures from official documents. A policy and procedure will be investigated further by Council Staff.</i></p>	<p><b>28 Feb 2023</b>                  A policy and procedure will be investigated further re redacting or removing signatures from official documents.</p> <p><b>10 May 2023</b>                  This matter continues to be investigated by Manager Customer Services and Governance</p>
Next Meeting Dates and Audit Plan 2022/23 and 2023/24	17/02/2023	<p><a href="#">20/23</a>  <b>MOTION:</b> Bentley / Dicker</p> <p>The Audit Risk and Improvement Committee;</p> <p>1. endorsed the forward 12 month meeting plan,</p>	<p><b>28 Feb 2023</b>                  At the meeting on 17 February 2023 the changes to the internal audit programme for 23/24 were confirmed.</p> <p><b><u>Recommended for completion.</u></b></p>

		<p>including meeting dates as follows:</p> <ul style="list-style-type: none"><li>• 26 May 2023</li><li>• 25 August 2023</li><li>• 24 November 2023</li><li>• 23 February 2024</li></ul> <p>2. noted the internal audit plan for 22/23 previously endorsed on 14 May 2021; and</p> <p>3. endorsed the changes to the 23/24 internal audit program:</p> <ul style="list-style-type: none"><li>a. Development Applications Fund Management</li><li>b. Monitoring of the Delivery Program and Operational Plan</li></ul>	
--	--	--	--

4.1 MATTERS IN PROGRESS COMPLETE

25/23

**MOTION:** Dicker / Bentley

The following matters in progress were noted as completed;

- Draft 2021/22 External Audit Engagement
- Legislative Compliance Report
- Review - Legislative Compliance Policy (Draft)
- Next Meeting Dates and Audit Plan 2022/23 and 2023/24

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

**Item 5:**

**Audit**

5.1 INTERNAL AUDIT PROGRAM STATUS REPORT

COR400236, COR400243

26/23

**MOTION:** Stuart / 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.*

5.2 NSW AO PERFORMANCE AUDIT - PLANNING AND  
MANAGING BUSHFIRE EQUIPMENT

COR400236, COR400236

27/23

**MOTION: Dicker / Bentley**

**The Audit, Risk and Improvement Committee noted the outcome of the NSW AO Performance Audit - Planning and managing bushfire equipment.**

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

5.3 INTERNAL AUDIT - PROJECT MANAGEMENT REVIEW

COR400236, COR400236

28/23

**MOTION: Bentley / Stuart**

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

- 1. received the report by the Chief Financial Officer on the Internal Audit – Project Management Review; and**
- 2. noted the actions required.**

Jason Gilbert, Associate Partner at Crowe introduced himself as the replacement for Alison Lee, who has left the organisation. Jason advised that he has 15 years' experience working on Local Government internal audit and currently works with 26 councils in NSW and several in Victoria.

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

5.4 DRAFT INTERIM MANAGEMENT LETTER 22/23

29/23

**MOTION: Stuart / Bentley**

**The Committee noted that the draft interim management letter will be finalised by 30 June 2023. The letter will be distributed to the Chair.**

The Committee congratulated Leonie and her team on their hard work in completing many of the items previously raised in the management letters.

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

**Item 6: Risk**

6.1 WORK HEALTH AND SAFETY REPORTS

COR400236, COR400236

30/23

**MOTION: Dicker / Stuart**

**The Audit, Risk and Improvement Committee noted the WHS Reports for January 2023, February 2023, March 2023 and April 2023.**

The Committee noted the excellent levels of attention from the lifeguards and the level of cleanliness at both the Mid-Western Regional Council Pools.

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

6.5 ENTERPRISE RISK MANAGEMENT UPDATE

COR400236, COR400236

31/23

**MOTION: Bentley / Dicker**

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

Veronika Barry spoke to the report which was distributed as a late report after the meeting.

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

6.2 LEGISLATIVE COMPLIANCE BREACHES

COR400236, GOV400047

32/23

**MOTION: Stuart / Dicker**

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

1. one legislative breach has been added to the register; and
2. six legislative breaches previously reported remain open.

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

6.3 FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS

COR400236, COR400236

33/23

**MOTION: Bentley / Dicker**

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

1. that there was one suspected fraud incident since the last ARIC meeting; and
2. that there were two Procurement Breach incidents since the last ARIC meeting.

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

6.4 MANDATORY LEGISLATIVE REPORTING

COR400236, GOV400027

34/23

**MOTION: Stuart / Bentley**

**The Audit, Risk and Improvement Committee received the report on Mandatory Legislative Reporting.**

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

**Item 7: Improvement**

7.1 NSW AO PERFORMANCE AUDIT - DEVELOPMENT APPLICATIONS: ASSESSMENT AND DETERMINATION STAGES

COR400236, COR400236

**35/23 MOTION: Bentley / Stuart**

**That the Audit, Risk and Improvement Committee:**

- 1. note the Audit Office of NSW Development Applications: assessment and determination stages performance audit; and**
- 2. note the Mid-Western Regional Council's position against the recommendations**

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

7.2 DELIVERY PROGRAM 2022/26 SIX MONTHLY PROGRESS REPORT

COR400236, COR400601

**36/23 MOTION: Dicker / Stuart**

**The Audit, Risk and Improvement Committee received the report by Executive Manager People and Performance on the Delivery Program 2022/26 Six Monthly Progress Report.**

The Committee commended the Council on its Libraries.

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

7.3 UPDATE ON BUSINESS IMPROVEMENT AT COUNCIL

COR400236, COR400236

**37/23 MOTION: Dicker / Bentley**

**The Audit, Risk and Improvement Committee noted the progress of the Business Improvement program.**

The Committee noted how much work was involved.

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

**Item 8: General Business**

8.1 LOCAL GOVERNMENT AUDIT RISK AND IMPROVEMENT  
COMMITTEE CHAIR FORUM

38/23

**MOTION: Bentley / Dicker**

**The Committee noted the Chair has been invited to attend the upcoming Local Government Audit Risk and Improvement Committee Chair forum on 20 July 2023 taking place in Sydney (and online)**

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

**Item 9: Closure**

There being no further business the meeting concluded at 11:00.

The next Audit, Risk and Improvement Committee will be held on the Friday, 25 August 2023 at Council Chambers, 86 Market Street, Mudgee, at 9.30am.