Item 12:   Reports from Committees

12.1   Audit Risk and Improvement Committee Minutes - 23 February
            2024

REPORT BY THE DIRECTOR COMMUNITY
TO 20 MARCH 2024 ORDINARY MEETING
GOV400105, COR400236

RECOMMENDATION

That Council:

1.   **receive the report by the Director Community on the Audit Risk and Improvement
          Committee Minutes - 23 February 2024; and**

2.   **endorse the minutes and recommendations of the Audit Risk and Improvement
          Committee meeting held on 23 February 2024.**

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 23 February 2024.

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 23 February 2024 meeting.

There are a number of changes to the requirements of Audit, Risk and Improvement Committees
that come into force in July 2024. These are discussed in the minutes as the changes to the
Committee come into force over the next few months. This will include an additional independent
Committee member. Advertising for this will commence shortly.

Community Plan implications

Theme	Good Government
Goal	An effective and efficient organisation
Strategy	Prudently manage risks associated 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

SIMON JONES
DIRECTOR COMMUNITY

5 March 2024

Attachments: 1.   Minutes ARIC Meeting 23 February 2024.

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER

Mid-Western Regional Council   Date: 23 February 2024

Minutes of the Audit, Risk and Improvement Committee
Held at the Council Chambers, 86 Market Street, Mudgee
on 23 February 2024, commencing at 9:30am and concluding at 11:10am.

COMMITTEE MEMBERS PRESENT	ARIC Chair J Stuart, Committee Member K Dicker, Independent Member J Bentley.
COUNCIL OFFICERS PRESENT	General Manager (Brad Cam) via Teams, Director Community (Simon Jones), Director Corporate Services (Leonie Van Oosterum), Chief Financial Officer (Neil Bungate), Manager Information Technology (Ian Blake), WHS and Risk Coordinator (Veronika Barry), Manager People and Performance (Sharna Ross), Business Improvement Officer (Erin Reid), and Executive Assistant – Community (Christie Holt).
EXTERNAL PARTIES PRESENT	Audit Leader – External Audit, NSW Audit Office (Cassie Malone), Audit Manager – External Audit, NSW Audit Office (Meagan Wang), Internal Auditor – Crowe (Amir Mousa).

Item 1: Apologies

01/24   **MOTION:**   **Dicker / Bentley**

That the apologies for:
- **Director Development (Alina Azar)**
- **Governance Coordinator (Ashleigh Marshall)**

be accepted.

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

02/24   **MOTION:**   **Dicker / Bentley**

That the Minutes of the previous ARIC Meeting held on 24 November 2023 be taken as read and confirmed.

The motion was carried with the Committee Members voting unanimously.

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Chair

Mid-Western Regional Council
Date: 23 February 2024

Item 4:   Matters in Progress

SUBJECT	MEETING DATE	RESOLUTION NO.	RESOLUTION	ACTION
Enterprise Risk Management Update	25/08/2023	47/23	**MOTION:** **Dicker / Stuart** **That the Audit, Risk and Improvement Committee note the Enterprise Risk Management update.** *At the next meeting, Veronika Barry, WHS and Risk Coordinator will present a visual map of the Business Continuity practices that have been adopted, and the relationship between Business Continuity and the wider Risk Management Framework.*	**27 Oct 2023** Business Continuity included in the Enterprise Risk Management Update report for 24 November 2023 ARIC meeting and a visual map of the Business Continuity practices that have been adopted, and the relationship between Business Continuity and the wider Risk Management Framework will be presented. **22 Jan 2024** Business Continuity was included in the Enterprise Risk Management Update at the 24 November 2023 meeting where Veronika presented a visual map. RECOMMENDED FOR COMPLETION
2023/24 Operational Plan and 2023/27 Delivery Program	25/08/2023	54/23	**MOTION:** **Bentley / Dicker** **That the Audit, Risk and Improvement Committee note the 2023/24 Operational Plan and 2023/27 Delivery Program.** *The Committee noted that the wrong page was in the document for depreciation of urban roads. This was noted by staff who advised that the process that caused the error will be corrected.*	**12 Sep 2023** Neil to advise if this has been corrected. (The wrong page was in the document for depreciation of urban roads. This was noted by staff who advised that the process that caused the error will be corrected.) **06 Nov 2023** 27.10.2023 Christie emailed Neil to check if this has been corrected. Response not yet received.

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Chair

Mid-Western Regional Council   Date: 23 February 2024

| | | | | **20 Nov 2023**
Neil to follow up today.
05 Dec 2023
29.11.2023 Neil advised error corrected and the revision to the operational plan is now live on the website.
22 Jan 2024
Neil advised on 29.11.2023 the error has been corrected and the revision is now live on the website.

RECOMMENDED FOR COMPLETION |

Entreprise Risk Management Update

COR440023

03/24   MOTION: Bentley / Dicker

That Resolution no. 47/23 be noted as completed.

The motion was carried with the Committee Members voting unanimously.

2023/24 Operational Plan and 2023/27 Delivery Prorgram

COR440023

04/24   MOTION: Dicker / Bentley

That Resolution no. 54/23 be noted as completed.

The motion was carried with the Committee Members voting unanimously.

Items brought forward:

05/24   MOTION: Bentley / Dicker

That items 6.1 Entreprise Risk Management Update, 6.2 Work Health and Safety Reports, and 6.3 Legislative Compliane Breaches be brought forward.

The motion was carried with the Committee Members voting unanimously.

6.1   ENTERPRISE RISK MANAGEMENT UPDATE
COR400236, COR400236

06/24   MOTION: Bentley / Dicker

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Chair

Mid-Western Regional Council   Date: 23 February 2024

That the Audit, Risk, and Improvement Committee note the Enterprise Risk Management update.

Discussion was had on what Business Impact Analysis is and what it involves.

The motion was carried with the Committee Members voting unanimously.

6.2   WORK HEALTH AND SAFETY REPORTS
COR400236, COR400236

07/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note the WHS Reports for November 2023, December 2023, and January 2024.

Discussion took place on some of the incidents from the reports regarding context, source, clarification, and report formatting.

The motion was carried with the Committee Members voting unanimously.

6.3   LEGISLATIVE COMPLIANCE BREACHES
COR400236, GOV400047

08/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note:

1. **two legislative breaches have been added to the register; and**

2. **six legislative breaches previously reported remain open.**

The Director of Community noted since the report was written two of the breaches have since closed – the Public Interest Disclosure policy is now available on the intranet; and the privacy breach – the action to write to the members of the public affected has been completed. Discussion also took place regarding the requirement for Council to have a performance review panel for the General Manager in place, and the requirement for Council to have a register for development consents and certificates resulting in the following action.

Action: Staff will bring more information regarding the register for development consents and certificates from the Development department back to the committee.

The motion was carried with the Committee Members voting unanimously.

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Chair

Mid-Western Regional Council   Date: 23 February 2024

Item 5:   Audit

5.1   UPDATE ON INTERNAL AUDIT ACTION ITEMS
COR400236, COR400236

09/24   **MOTION:**   **Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note the progress on the internal action items.

The motion was carried with the Committee Members voting unanimously.

5.2   UPDATE ON EXTERNAL AUDIT ACTION ITEMS
COR400236, COR400236

10/24   **MOTION:**   **Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note the progress on the external action items.

The Chair commented that he would like to see the 2018/19 items ticked off. The Director of Corporate Services commented that these should be completed before the next External Audit. The Audit Lead discussed Council prioritising aged items, risk, and considerations of IT and Cyber Security, and the 2024 Audit Plan. Discussion took place regarding the Public Accounts Committee's inquiry that has commenced and submissions which close on 10 May 2024. The Chair moved and Deputy Chair seconded an action as a result of these discussions.

Action: Council to make a submission to the Public Accounts Committee inquiry particularly referencing the BDO report and the Parker report.

The motion was carried with the Committee Members voting unanimously.

5.3   INTERNAL AUDIT PROGRAM STATUS REPORT
COR400236, COR400243

11/24   **MOTION:**   **Dicker / Bentley**

That the Audit, Risk and Improvement Committee receive the Crowe Internal Audit Program Status Report.

The Internal Auditor noted that the final report for the Development Applications Funds Management Review will be presented at the next ARIC meeting in May.

The motion was carried with the Committee Members voting unanimously.

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Chair

Mid-Western Regional Council   Date: 23 February 2024

Item 6:   Risk

6.4   CYBER SECURITY REPORT
COR400236, COR400236

12/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee receive the report from the IT Cyber Security Engineer on the Cyber improvement program.

The Manager ICT noted that since the report had been written that two high risk items in the Essential 8 have now been completed. The Chair pointed out an incorrect date in the report February 2023 should have read February 2024. Discussion took place regarding cyber security and multi-factor authentication.

The motion was carried with the Committee Members voting unanimously.

6.5   FRAUD INCIDENT & PROCUREMENT BREACH REGISTERS
COR400236, COR400236

13/24   **MOTION: Bentley / Dicker**

That the Audit Risk and Improvement Committee note that:

1. **there were no suspected fraud incidents since the last ARIC meeting; and**

2. **there was one identified Procurement Breach incident since the last ARIC meeting.**

Discussion took place on the register and after a question from the Chair regarding the Procurement Breach the Director Corporate Services confirmed procurement will now offer ongoing training. The Deputy Chair commended the Director of Corporate Services on the report and being so thorough.

The motion was carried with the Committee Members voting unanimously.

Item 7:   Improvement

7.1   BUSINESS IMPROVEMENT UPDATE
COR400236, COR400236

14/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note the progress of the Business Improvement program.

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Chair

Mid-Western Regional Council   Date: 23 February 2024

Discussion took place regarding the Service Delivery Framework, and the Deputy Chair commented that it was wise to pause the Business Process Management mapping as this is a massive task. The Chair raised a question around Council's resource capacity for employing more staff and the General Manager confirmed Council can not keep resourcing more staff. The Director of Community and Director of Corporate Services commented that prioritisation and noting matters addressed already in the External Audit are now part of the process.

The motion was carried with the Committee Members voting unanimously.

7.2 UPDATE ON BUSINESS IMPROVEMENT ACTION ITEMS
COR400236, COR400236

15/24   **MOTION:**   **Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note 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.

Item 8:   **General Business**

8.1 AMENDMENTS TO THE REGULATION SUPPORTING THE NEW GUIDELINES FOR RISK MANAGEMENT AND INTERNAL AUDIT IN LOCAL GOVERNMENTS IN NSW
COR400236, COR400236

16/24   **MOTION:**   **Dicker / Bentley**

That the Audit, Risk, and Improvement Committee note the *Local Government (General) Amendment (Audit, Risk and Improvement Committees) Regulation 2023* supporting the new Guidelines for risk management and internal audit for local governments in NSW;

The Director of Community mentioned the need for a second independent member by July and this member will be at the August ARIC meeting, and noted the restrictions regarding the length of term – no more than eight years. A report on how the committee has performed is also required and we will be in touch with the committee before the next ARIC meeting in May. The Chair noted that his and the Deputy Chair's six year membership will end November 2026 and they are both available for the next two years and are happy to assist in anyway they can looking towards a transition for changeover in the future, noting that in September after the election a new Council may want a new committee. The Deputy Chair seconded these comments.

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Chair

Mid-Western Regional Council   Date: 23 February 2024

The motion was carried with the Committee Members voting unanimously.

8.2   ARIC MEETING DATES 2024/25

COR400236, COR400236

17/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee endorse the forward 12 month meeting plan, including meeting dates as follows:
• 24 May 2024
• 23 August 2024
• 22 November 2024
• 21 February 2025

The Chair noted dates he will be unavailable in April – 9-26.

The motion was carried with the Committee Members voting unanimously.

8.3   AUDIT, RISK AND IMPROVEMENT COMMITTEE CHARTER UPDATE

COR400236, COR400236

18/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note that the Audit, Risk and Improvement Committee Charter requires updating due to the updated Guidelines which include new regulation amendments which commence 1 July 2024.

The Director of Community commented that a draft will be presented at the next ARIC meeting in May for the committee to make any comments.
Councillor Dicker asked whether there will still be a Councillor and the Director of Community confirmed a Councillor member can continue as a non-voting member.

The motion was carried with the Committee Members voting unanimously.

8.4   INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION STATEMENT

COR400236, COR400236

19/24   **MOTION: Bentley / Dicker**

That the Audit, Risk, and Improvement Committee note that the ARIC Committee requires an Internal Audit and Risk Management Attestation Statement in line with the updated Guidelines for Risk Management and Internal Audit for Local Government in NSW.

The Director of Community commented that the Attestation Statement will be kept as close to the guide as possible.

The motion was carried with the Committee Members voting unanimously.

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Chair

Mid-Western Regional Council   Date: 23 February 2024

Item 9:   Closure

There being no further business the meeting concluded at 11:10am.

The next Audit, Risk and Improvement Committee will be held on the 24 May 2024 at Council Chambers, 86 Market Street, Mudgee.

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Chair