
**AUDIT, RISK AND IMPROVEMENT COMMITTEE
HELD IN THE MURRAY ROOM, GRIFFITH ON
THURSDAY, 10 APRIL 2025 COMMENCING AT 5:00 PM**

PRESENT

Stuart Heffer (Chair) (Community Representative), Helen Brill (Community Representative), Dorian Radue (Community Representative)

Agency Representatives (non-voting) National Audits Group, Stephen Prowse (Zoom), NSW Audit Office, Nicky Rajani (Zoom)

Quorum = 2

STAFF

General Manager, Brett Stonestreet, Acting Director Business, Cultural & Financial Services, Max Turner, Director Economic & Organisational Development, Shireen Donaldson, Senior WHS & Risk Coordinator, Raymond McCloy, Governance Manager & Minute Secretary, Leanne Austin

1 APOLOGIES

An apology was received from Councillor Christine Stead.

2 CONFIRMATION OF MINUTES

RECOMMENDED on the motion of Stuart Heffer and Helen Brill that the minutes of the previous meeting held on 17 February 2025, having first been circulated amongst all members, be confirmed.

3 BUSINESS ARISING

3.1 Annual Financial Statements

Ms Radue enquired if Council had documented the accounting process required for the Griffin Green project? Mr Turner advised that while the matter has been discussed, the documentation has not been finalised due to resourcing constraints.

3.2 Statewide Mutual Continuous Improvement Pathway

Ms Radue enquired if Council intends to review high risk areas on an annual basis?

Mrs Donaldson responded that Council will be testing and reviewing its disaster recovery response later this year. Mr McCloy provided an update on work being done to implement

Council's risk management framework advising that risk assessments throughout the organisation have almost been completed and will be subject to ongoing monitoring.

4 DECLARATIONS OF INTEREST

Pecuniary Interests

There were no pecuniary interests declared.

Significant Non-Pecuniary Interests

There were no significant non-pecuniary interests declared.

Less Than Significant Non-Pecuniary Interests

There were no significant non-pecuniary interests declared.

5 ITEMS OF BUSINESS

Clause CL02 was brought forward.

CL02 NSW AUDIT OFFICE - ANNUAL ENGAGEMENT PLAN AND MANAGEMENT PLAN

Mr Rajani provided an overview of the Annual Engagement Plan advising that the Audit Office will work with management on key issues including:

- revaluation of infrastructure, property, plant and equipment,
- assessing fair value of infrastructure, property, plant and equipment,
- grant income,
- quality and timeliness of financial reporting,
- AASB 13 Fair Value measurement,
- cybersecurity and IT controls.

Mr Rajani suggested Council prepare a set of proforma financial statements to assist with compliance with the latest Code. The interim audit will be performed in June. Mr Rajani advised it would be preferable if the Audit Risk Improvement Committee would review the draft financial statements prior to the audit occurring later in the year.

Mr Stonestreet entered the meeting at 5:22 pm.

Mr Rajani provided an overview of the Final Management Letter highlighting areas for improvement. Mr Rajani enquired if Council had a transition plan in place for the vacancy of the Director Business Cultural Financial Services? Mrs Donaldson advised that recruitment for the position has commenced. Mr Stonestreet advised that it would be difficult to find suitably qualified, experienced applicants and that Council would be losing a lot of corporate knowledge with Mr Turner's departure. Mr Turner advised he would assist as much as possible in the lead up to the interim audit.

Mr Rajani made reference to the cost overrun of last year's audit advising that the Auditor General approved that additional costs be written off. In relation to some of the management responses in the Management Letter, Council should look at setting an Action Date for completion where possible. The Committee is to identify and nominate policies considered to

be of high importance that may warrant review on an annual basis.

Mrs Donaldson enquired if the requirement for an Information Asset Register encompasses paper assets as well as digital assets. Mr Rajani confirmed that only digital assets would need to be captured in an Information Asset Register.

Mr Rajani advised that the recent Local Government 2024 report issued by the Audit Office mentioned Griffith City Council as being one of 16 least liquid councils in NSW. This is based on calculation at 30 June 2024 whether councils' available cash and investments (not subject to external restrictions) were sufficient to meet three months of general fund expenses (excluding depreciation and borrowing costs).

Mr Stonestreet advised that Council had been invited to make comment regarding this issue however, Council's comments had not been included in the commentary of the report. Council's liquidity had been impacted by the timing of cash receipt for the Griffin Green project. Council has since received over \$4.5M which has significantly improved Council's position. In addition to this, Council has implemented Year 1 of a two year Special Rate Variation to address the financial sustainability of the General Fund. Mr Stonestreet voiced his concerns that the commentary Council provided was not made publicly available in the report.

Mr Rajani advised that there is a formal process Council may undertake should it wish to address the statements in the report.

Mr Rajani raised the issue regarding the materiality classification of the Rural Fire Service red fleet assets, noting that changes to the materiality benchmark methodology have resulted in the treatment of the red fleet assets no longer being subject to a qualified audit opinion.

Mr Stonestreet expressed his concerns that Council's reputation may have been adversely affected by previously issued qualified audit opinions, particularly in light of the Audit Office's recent change in assessment methodology.

Mr Rajani advised he would provide the formal feedback process to Mr Stonestreet.

The Chair invited Mr McCloy to provide an update on Council's Risk Management Framework. Mr McCloy advised progress is being made and once documentation has been finalised, training will be provided to Council staff and compliance with processes monitored. There has already been an improvement in managing risk in areas such as projects and design. Council has recently implemented a risk assessment component within the Council Report templates to support decision-making on a risk-informed approach.

CL01 INTERNAL AUDIT REPORT - ASSET MANAGEMENT

Mr Prowse provided an overview of the internal audit of Council's asset management systems which included review of Council's Asset Management Framework (integrated Planning and Reporting requirements) and Asset Maturity Assessment/ratings.

Mr Prowse advised Council has an asset management system in place and an overarching Asset Management Plan however current plans for each classification are required. In practical terms, Council is managing assets effectively however Council should work towards finalisation of asset management plans and implementation using a systematic approach. Mr Prowse advised that the asset management framework is not capturing processes such as communicating deficiencies from staff utilising the assets.

Mr Turner commented that monitoring the condition of Council's assets is resourcing issue. Mr Prowse recognised that the asset management role is an important one and this position

is also required to provide asset values for financial reporting which is a complex process extracting data from one system to another. Council should look at ways in which staff using the assets can provide information through the system.

Mr Turner acknowledged the challenges in meeting timeframes for asset valuations and the coordination of Council's asset management functions, advising that resourcing constraints are a contributing factor.

Ms Brill enquired about the functionality of Council's asset management software?

Mr Prowse advised that the current system used by Council functions primarily as a database focused on valuations and depreciation. He noted that a different system may be required to effectively support broader asset management functions.

Mr Turner advised Council uses Authority software which does not provide a good asset management system.

Mr Rajani enquired how often the asset register and general ledger are reconciled? Mr Turner advised this is done on an annual basis. Whilst Mr Rajani recognised Council has limited resources, he suggested more frequent reconciliation on Council's asset register.

Mr Stonestreet highlighted Council's current financial constraints and emphasised the importance of adopting the second step of the Special Rate Variation to ensure the continued resourcing of Council's essential services and functions.

Mr McCloy left the meeting the time being 6:35 pm.

Mr Prowse suggested that Recommendation 1.5 "That Council investigates whether Asset Valuer Pro can be integrated with Civica Authority. Should this not be practical, consideration should be given to acquiring a dedicated asset management system which is compatible with Civica Authority", be amended to include that Council should investigate potential revenue streams to fund a dedicated asset management system to ensure assets are managed accordingly.

Ms Radue enquired as to the status of Council's long term financial plan? Mr Stonestreet responded that Council is in the process of preparing the 2025/26 draft budget as well as the ten year long term financial plan. Mr Stonestreet reiterated the importance of Councillors adopting the second year Special Rate Variation to ensure financial sustainability of the General Fund or nominate which Council services would require to be cut.

Mr Stonestreet highlighted that most NSW councils were facing similar financial constraints mainly as a result of decreased Federal Assistance Grants and cost shifting by the State government. Rate pegging set by IPART has also impacted local councils' abilities to remain financially sustainable.

Mr Rajani enquired if Council management assess unrestricted cash on a monthly basis? Mr Turner advised that while a full reconciliation is conducted at year end, managers receive monthly actual versus budget reports, which serve as a useful indicator of spending across each fund.

RECOMMENDED on the motion of Dorian Radue and Stuart Heffer that the Committee endorse the Asset Management audit report, recommendations and action plan as attached to the report with the addition to Recommendation 1.5 that Council identify funding sources to improve asset management systems.

CL03 REVIEW TERMS OF REFERENCE AND CHARTER

RECOMMENDED on the motion of Dorian Radue and Stuart Heffer that the report be considered at the next Committee meeting.

Ms Radue is to provide feedback to be included as an attachment to the report.

CL04 INTEGRATED PLANNING AND REPORTING - UPDATE

Mrs Austin provided an overview of Council's compliance with the integrated planning and reporting requirements noting that the Community Strategic Plan had recently been adopted and Council will be considering other key draft documents at the first Council Meeting in May 2025. Members of the public will be invited to provide submissions during the public exhibition period prior to adoption before 30 June 2025.

CL05 CORE REQUIREMENTS - OLG GUIDELINES

RECOMMENDED on the motion of Dorian Radue and Stuart Heffer that in compliance with the Office of Local Government Guidelines:

- (a) The Audit Risk Improvement Committee meet with the internal and external auditors without the General Manager present on an annual basis, preferably in October.
- (b) The Chairperson meet with the General Manager on a quarterly basis to discuss key issues and review performance.

CL06 EMAIL FROM GEORGE YOUSSEF

RECOMMENDED on the motion of Stuart Heffer and Dorian Radue that the request from George Youssef to join the Committee as a community representative be approved.

6 GENERAL BUSINESS

Nil.

7 NEXT MEETING

The next meeting of the Audit, Risk and Improvement Committee is to be held on Wednesday, 7 May 2025 at 5:00 pm.

There being no further business the meeting terminated at 7:15 pm.