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**AUDIT, RISK AND IMPROVEMENT COMMITTEE  
HELD IN THE MURRAY ROOM ON THURSDAY, 26 FEBRUARY 2026  
COMMENCING AT 5:00 PM**

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**PRESENT**

Dorian Radue (Community Representative), Helen Brill (Community Representative), George Youssef (Community Representative - Zoom)

Quorum = 3

National Audits Group, Stephen Prowse (Zoom), NSW Audit Office, Brad Medina (Zoom), NSW Audit Office, Antony Zhou, NSW Audit Office, Nicky Rajani

**STAFF**

General Manager, Scott Grant, Director Business, Cultural, Financial Services, Matthew Hansen, Senior WHS & Risk Coordinator, Raymond McCloy and Governance Manager/Internal Audit Coordinator & Minute Secretary, Leanne Austin

Dorian Radue assumed the Chair in the absence of Stuart Heffer.

**1 APOLOGIES**

Apologies were received from Stuart Heffer (Community Representative - Chair) and Director Economic & Organisational Development, Shireen Donaldson.

**2 CONFIRMATION OF MINUTES**

**RECOMMENDED** on the motion of George Youssef and Dorian Radue that the minutes of the previous meeting held on 20 November 2025, having first been circulated amongst all members, be confirmed.

**3 BUSINESS ARISING**

**3.1 Council's Compliance Management System**

Ms Radue requested that this item be carried forward to address in future. Internal Audit Coordinator to meet with Ms Radue to discuss further.

**3.2 Informal Meetings with Key Stakeholders**

To be discussed with Chair, Stuart Heffer.

## **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 less than significant non-pecuniary interests declared.

## **5 ITEMS OF BUSINESS**

### **CL01 UPDATE FROM THE GENERAL MANAGER**

Mr Grant provided an update to the Committee on the following matters:

- Critical activities underway – second quarter financial report, budget preparation continuing, a number of significant projects underway.
- Lake Wyangan project - \$17.5 M – on track in terms of timing and costs, due for 30 June completion.
- Sustainable Communities Grant Round 1 - \$4M for CBD enhancement project – community engagement underway. Completion end of 2027.
- Federal Grant – Community Energy Upgrade Fund \$14.2M project involving upgrades to Aquatic centre pump, solar, battery, water treatment plant upgrade.
- Sustainable Communities Grant Round 2 – three applications prepared for Upgrade to Saleyards, Expansion of infrastructure at Lake Wyangan (Boorga Road) and Lake Wyangan Water Quality and Recreation Enhancement – funding to be determined – developer contributions and other sources. To be advised mid 2026. For completion in May 2029.
- Probity review into procurement concluded with several recommendations.
- Assurance review into Project Management almost completed.
- Issue identified with Motor Vehicle Leaseback process – external audit has been commissioned to provide recommendations to improve processes and systems.
- Customer service – working to improve service levels across the organisation.
- Annual GM Performance review – external consultants appointed to facilitate this process.

### **CL02 FINAL MANAGEMENT LETTER 2025, ANNUAL ENGAGEMENT PLAN AND 2025 LOCAL GOVERNMENT REPORT**

#### **Final Management Letter 2025**

Mr Rajani presented the Final Management Letter for 2025. He advised that there were no high-risk findings identified, with only moderate and low-risk matters reported. Several findings from the previous year have either been resolved or had their due dates extended.

In relation to the Vendor master file, improvements were required to ensue changes are reviewed. It was noted that the implementation of EFTsure is expected to address this matter. Mr Hansen will advise the NSW Audit Office and the Committee of the implementation date.

Regarding staff access issues/financial delegations, management confirmed that the recommended actions will be implemented.

A plan is in place to address the Infrastructure, Property, Plant and Equipment (IPPE) fair value and impairment assessment. With respect to asset valuations, no material issues were identified and the auditors expressed satisfaction overall. However, improvements are required in relation to asset registers, valuation processes and the presentation and disclosure of assets in the financial statements. Mr Hansen advised that Council will address these concerns.

Mr Rajani thanked management for their cooperation during the audit process. The Committee thanked Mr Rajani for his work on this and previous audits.

### **Annual Engagement Plan**

Mr Medina addressed the Committee regarding the Annual Engagement Plan. He outlined the key audit focus areas and confirmed that the plan is consistent with prior years.

The interim audit phase will occur slightly later than usual, with completion anticipated in October. Audit reports and acquittals were also discussed.

Key areas of audit focus include:

- Valuation of infrastructure, property, plant and equipment
- Capital expenditure and grant income
- Lake Wyangan project, including funding and capital expenditure
- Management override of controls
- The impact of IT risks, including understanding Council's IT systems, noting that Council is replacing its system. The Audit Office will monitor this project closely.
- Matters raised in the previous year.

The total audit fee has been indexed at approximately 3%, broadly in line with CPI.

Mr Youssef enquired about the audit timeline. Mr Medina confirmed that the NSW Audit Office will maintain regular communication with Council officers to ensure completion within the required timeframe.

Mr Hansen thanked the NSW Audit Officers for their contributions advising that relevant dates have been agreed however it may be necessary to reschedule the September ARIC meeting if required.

### **Local Government Report 2025**

Mr Medina provided an overview of the Local Government Report 2025. He noted that the quality and timeliness of financial reporting across the sector are improving. Financial sustainability and infrastructure remain key themes.

### **Project Planning and Management**

Mr Grant advised that challenges had been identified in early-stage project planning. Three grant applications were submitted this week, following a rigorous process that included revising initial concepts and schematics. Early planning processes have improved, applications are more detailed and project management considerations have been incorporated in the grant applications.

### **Financial Sustainability**

Ms Radue raised matters relating to financial sustainability. Mr Hansen advised that Council must continue addressing sustainability issues. The Special Rate Variation (SRV) process has assisted Council's financial position. Ongoing focus is required on expenditure management and increasing revenue through fees, licences and services, improving cost recovery and reviewing subsidies. Improvements in project management and costings are also being pursued. Council is working toward strengthening its unrestricted cash balances.

Mr Grant acknowledged the challenges in understanding processes, assets and the long-term financial plan, but noted there are opportunities to improve efficiency and service delivery. Steps have been taken, including deferring capital expenditure to provide short-term cash relief. The treatment of Financial Assistance Grants (FAGs) has also been amended in the financial statements.

Mr Youssef enquired whether Council has access to an offset facility similar to those available to individuals. Specifically, if Council has borrowings and also holds surplus funds on deposit is there an arrangement whereby those deposited funds can be offset against the outstanding debt? Mr Hansen will take the matter on notice and provide a report to a future meeting.

Nicky Rajani left the meeting at 5:46 pm.

**RECOMMENDED** on the motion of Helen Brill and George Youssef that the Committee note the Final Management Letter for the year ended 30 June 2025, the Annual Engagement Plan for 2026 and Local Government Report 2025.

### **CL03 RISK MANAGEMENT UPDATE**

Mr McCloy advised that risk management training for all staff has been completed. An organisational risk assessment has been undertaken, with increased staff involvement. Directors and the Senior Management Team now have a stronger understanding of risk management and have begun implementing associated processes. Departmental risk assessments are currently being developed, and location-based risk assessments are to be completed.

The risk management system will be further refined and streamlined to enhance usability and improve the knowledge base for staff. Actions arising from the internal audit review are progressing well.

Mr Youssef enquired about Council's risk assessment documentation. Mr McCloy advised that Council maintains a range of risk assessment documents tailored to specific requirements, such as Event Risk Assessment forms and general Risk Assessment forms. Risk Registers are also being developed and actively monitored.

Ms Brill asked whether risk management forms part of induction or ongoing training. Mr McCloy confirmed that annual refresher training is conducted as well as induction provided to new staff.

Mr Prowse noted that only a small number of outstanding actions remain to be finalised, with the majority now completed. He emphasised that training is critical and highlighted the need for rigorous risk management practices in project delivery. The new framework is being implemented and leadership from the executive level is essential to driving a positive risk culture.

Mr McCloy left the meeting at 6:01 pm.

#### **CL04 REVIEW OF STRATEGIC PLAN AND ANNUAL WORK PLANS**

Mr Prowse advised the four-year Internal Audit Strategic Plan and Annual Work Plans have been reviewed and updated to improve alignment and compliance with Office of Local Government (OLG) guidelines and the Institute of Internal Auditors (IIA) requirements.

The rationale for identified auditable areas has been revised, and additional focus has been included on reviewing existing controls and external service providers. The plan remains flexible and will be updated as each audit area is undertaken.

For 2026, eight audits have been completed and three are currently in progress. For 2027, five audits are scheduled for the next financial year.

A workshop was held with the Senior Management Team (SMT) to review the plan, and audit areas were risk-rated accordingly.

An updated Excel spreadsheet of the plan will be provided to the Committee.

**RECOMMENDED** on the motion of George Youssef and Helen Brill that the draft Strategic Plan and Annual Audit Plans be endorsed.

#### **CL05 AGENDA FORWARD PLAN**

Ms Radue asked whether management has undertaken a detailed comparison between the core requirements, the ARIC Charter and Agenda Forward Plan to ensure that, by year end all requirements have been addressed. This will enable the ARIC to properly comment on performance or determine whether the requirements are operating as intended and to assess whether the ARIC has fulfilled its charter and met its obligations under the Act.

Ms Radue enquired about the additional audit of Motor Vehicle Leaseback processes and requested a copy of the Engagement letter be sent to Committee members.

**RECOMMENDED** on the motion of Helen Brill and George Youssef that the Agenda Forward Plan be noted and the Engagement Letters for Developer Contributions and Credit Cards be endorsed.

#### **CL06 CORE REQUIREMENTS CHECKLIST**

The Committee noted the Core Requirements Checklist.

#### **CL07 PROBITY REPORT FOR RFT 1-25/6 PROVISION OF PLANT, EQUIPMENT AND PROFESSIONAL SERVICES FOR SEWER AND WATER INFRASTRUCTURE PROJECTS**

Mr Grant advised a number of improvement opportunities have been identified, and management has been provided with a roadmap outlining the required actions. Several matters are currently being addressed.

Mr Hansen stated that significant time and resource pressures impacted the procurement process for the Lake Wyangan project, where some of the methods adopted increased Council's exposure to risk. Although a panel process was undertaken, a fixed contract fee arrangement would have been preferable. Council's Procurement Manual is currently under review and improved procurement processes are now being implemented.

#### **CL08 FINANCIAL MANAGEMENT REPORT**

Mr Hansen provided an overview of the Financial Management Report which addressed the Office of Local Government Risk Management and Internal Audit Guidelines relating to Financial Management.

The report outlined Council's proposed Finance Reform plan. Mr Hansen advised that timeframes are still being considered for delivery of the proposed actions. The implementation of the new Altitude software system will impact on key items.

Mr Grant further noted that a number of gaps against best practice had been identified. To address these, Council will need to strengthen its resourcing and planning, and build internal capability. This will require investment, including resources and system upgrades. New processes will also need to be developed to align with the upgraded systems. Council is committed to continuous improvement and progressing these enhancements.

#### **CL09 PROCUREMENT REFORM STRATEGY**

Mr Hansen provided the Committee with an overview of Council's draft Procurement Reform Strategy. Council is waiting on guidelines to be issued from the Office of Local Government. Council has recently implemented the requirement for a mandatory financial assessment review of tenders for ICT goods and services, tenders for building construction works and all other tenders where the total contract value exceeds \$1M.

Ms Radue suggested that the matter raised in the Management Letter regarding inappropriate financial delegations should be added to the document. It was also suggested that Council review what documentation is available to the public to assist with transparency. Mr Hansen advised the Procurement Manual, forms, documents and processes will be reviewed as part of the procurement reform process.

#### **CL10 REVIEW OF INTERNAL POLICIES - ACCEPTANCE OF MASTERCARD AND VISA POLICY, CREDIT CARD POLICY**

Ms Brill enquired how many credit cards are issued to Council staff and how credit limits are managed. Mr Hansen explained that the number of cards has recently increased in line with improved procurement practices and that individual card limits cannot exceed each staff member's financial delegation.

Credit cards are issued following the submission of a business case, approval by the relevant Director and authorisation by SMT. Mr Hansen also noted Council is exploring the use of purchase cards and virtual cards to further enhance procurement practices.

Mr Grant advised appropriate training and procedures will be provided to staff.

Ms Brill enquired about the process for acquittal of cards. Mr Hansen advised each staff member issued with a credit card must provide job numbers and receipts for every

transaction. Signatures are required from both the staff member and Director.

Ms Brill suggested an audit of these processes should be undertaken to mitigate the risk of collusion between team members. Mr Hansen advised the Finance Manager reviews all transactions to detect anomalies and the policy requires an internal audit once every Council term along with an annual sample review.

Mr Hansen is to amend the policy to reference that Council's Finance Manager must not hold a credit card.

#### **CL11 PROPOSED MEETING - ARIC AND COUNCIL**

Brad Medina left the meeting at 7:11 pm.

Ms Radue suggested the ARIC meet with Council on Tuesday 19 May 2026 at 7 pm.

This is to be confirmed with the Chair.

#### **CL12 COUNCIL'S ANNUAL REPORT**

The report was noted.

#### **CL13 QUARTERLY REVIEW REPORT**

Mr Hansen advised that the quarterly review report templates are issued by the OLG and cannot be modified. He provided an overview of the second-quarter results, noting that Council is moving in the right direction, with two years of SRV support helping to restore financial sustainability. Council has decided not to include advance FAG grant funding in its forecast, as has been done in previous years.

Mr Grant reiterated that, with the adjustment for FAG grant funding, it is hoped that Council will break even or achieve a positive result, which is a great effort.

#### **CL14 INVESTMENTS REPORT**

The report was noted.

#### **CL15 BUSINESS CONTINUITY PLAN EXERCISE REPORT**

The report was noted.

Ms Radue enquired if there are future exercises planned. Mr Grant took this on notice.

#### **CL16 CONTINUOUS IMPROVEMENT PATHWAY (CIP) REPORT - STATEWIDE MUTUAL**

The report was noted.

### **CL17 SERVICE REVIEWS - UPDATE**

Ms Radue requested more information on the status of the Roads Service review be provided at the next meeting.

### **6 OUTSTANDING ACTION REPORT**

The report was noted.

Ms Radue asked for an update on progress with the Cybersecurity and IT Controls recommendations.

Mr Grant advised that Riverina Murray Joint Organisation (RAMJO) is leading an initiative to strengthen the region's cybersecurity position, achieve cost efficiencies and provide councils with security solutions. He noted that more information will be provided at the next meeting.

The Committee requested that a report on the status of the cybersecurity internal audit recommendations be presented at the May meeting.

### **7 GENERAL BUSINESS**

Mr Youssef thanked staff for the work being done in the audit areas.

Mr Prowse advised that audit reviews being undertaken currently would be presented to the next meeting in May.

Mr Grant thanked Committee members, auditors and staff.

### **8 NEXT MEETING**

The next meeting of the Audit, Risk and Improvement Committee is to be held on Thursday, 28 May 2026 at 5:00 pm.

There being no further business the meeting terminated at 7:37 pm.