
**AUDIT, RISK AND IMPROVEMENT COMMITTEE
HELD IN THE MURRAY ROOM ON
THURSDAY, 28 MAY 2026 COMMENCING AT 5:00 PM**

PRESENT

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

Quorum = 3

National Audits Group, Stephen Prowse (Zoom), NSW Audit Office, Brad Medina

STAFF

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

1 APOLOGIES

No apologies were received.

2 CONFIRMATION OF MINUTES

RECOMMENDED on the motion of George Youssef and Dorian Radue that the minutes of the previous meeting held on 26 February 2026, having first been circulated amongst all members, be confirmed.

3 BUSINESS ARISING

Nil

4 DECLARATIONS OF INTEREST

Pecuniary Interests

Members making a pecuniary interest declaration are required to leave the meeting during consideration of the matter and not return until the matter is resolved.

There were no pecuniary interests declared.

Significant Non-Pecuniary Interests

Members making a significant non-pecuniary interest declaration are required to leave the meeting during consideration of the matter and not return until the matter is resolved.

There were no significant non-pecuniary interests declared.

Less Than Significant Non-Pecuniary Interests

Members making a less than significant non-pecuniary interest declaration may stay in the meeting and participate in the debate and vote on the matter.

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 Committee members including the following items:

- Financial forecast looking good for this year.
- Staff are preparing for next year's budget.
- Office of Local Government have advised councils are required to rescind the adoption of the new Code of Meeting Practice and revert back to the 2021 model Code as amendments were not passed through the Legislative Assembly.
- New Code of Conduct to be released by Office of Local Government.
- Working with Committees on a number of projects including CBD Enhancement grant lower end of Banna Avenue, Scenic Hill Masterplan, Airport Masterplan.
- Number of events and festivals held and upcoming including Multicultural festival, Punjabi Mela, Sikh games, Salami festival. These require substantial Council support.
- Lake Wyangan Housing Enabling Infrastructure project scheduled for completion July, currently under budget. Further works such as landscaping will be carried out to improve the aesthetics of the works undertaken and to utilise the available funds.
- Staff working on improving project management practices.

CL02 RISK MANAGEMENT UPDATE

Mr McCloy advised the Action Plan is on target and it is anticipated all actions to be completed by September 2026. Training on new processes and forms to be rolled out to staff.

Ms Radue enquired if Council would be reviewing strategic level risks as well as the operational type risks. Mr McCloy responded that this had occurred during the preparation of the organisational risk assessment however continual review will be required.

Mr Grant added that the enterprise risk framework is in place and will be reviewed again. Mr Grant will look into this and review the strategic risk profile.

Mr McCloy left the meeting at 5:09 pm.

CL03 UPDATE FROM NSW AUDIT OFFICE

Mr Medina provided an update on external audit activities advising that most of the planning work has been completed.

The NSW Audit Office team will return in mid-July to complete most of the audit work, focusing on asset revaluations (particularly water and sewer assets), key capital projects including Lake Wyangan, and grant revenue and contract liabilities, with some early review of the P&L and balance sheet, before finalising in October.

For 2026, key focus areas will include procurement, conflicts of interest, cyber security, and artificial intelligence, while progress on prior-year findings will be reported in an upcoming management letter.

Quarterly Audit Office NSW updates, highlighting sector trends and relevant issues, will be provided to the Committee .

Mr Hansen advised Finance has made significant improvements since last year, particularly in asset management and the timeliness of valuations, which should support smoother and more efficient financial statement preparation this year.

CL04 INTERNAL AUDIT REPORT - MOTOR VEHICLE LEASEBACK

Mr Prowse advised that an internal review of the motor vehicle lease scheme (covering July 2024–January 2026) found that while the scheme is valued and operational, its controls, governance and documentation are not sufficiently formalised to ensure consistent risk management, with key issues including unclear accountability, outdated policies, limited monitoring and lack of end-to-end processes. Ten recommendations were made to strengthen governance, controls and oversight, all accepted by management with implementation planned through to mid-2027.

Mr Grant advised that Council staff are working to improve processes in relation to this matter.

RECOMMENDED on the motion of Dorian Radue and Helen Brill that the Committee endorse the recommendations and management responses as provided in the internal audit report for Motor Vehicle Leaseback.

CL05 ENGAGEMENT LETTERS - HR MANAGEMENT AND FRAUD AND CORRUPTION CONTROL

Mr Hansen advised that the Fraud and Corruption Framework was due for review however, Council would postpone this until the internal audit review has been completed. Mrs Donaldson welcomed the internal audit review of HR Management.

RECOMMENDED on the motion of Stuart Heffer and Dorian Radue that the Committee endorse the Engagement Letters for HR Management and Fraud and Corruption Control.

CL06 NON-COMPLIANCE WITH SECTION 55 – PROCUREMENT OF G4 PUMP STATION COLLECTOR WELL

Mr Grant provided an update regarding procurement undertaken due to emergency works

required at the G4 Pump Station Collector Well.

Mr Hansen advised that this matter did not require formal reporting to the Office of Local Government as it is not considered a breach activity under section 55 of the Local Government Act 1993.

Mr Grant advised Council processes regarding this matter were sound and it has been reported to the ARIC and Council for information.

The Committee noted the report.

CL07 NON-COMPLIANCE SELF REPORT - LAKE WYANGAN RESIDENTIAL HOUSING ENABLING INFRASTRUCTURE DEVELOPMENT PROJECT

Mr Hansen advised that Council self-reported a non-compliance procurement matter to the Office of Local Government in relation to contractor works for the Lake Wyangan Residential Housing Enabling Infrastructure project.

Mr Prowse enquired if consideration was given to direct negotiations with contractors that had submitted a tender for the project, as allowable under the Act.

Mr Hansen responded that due to the nature of the tender contract and timing requirements, a decision was made to go out to Request for Quotation to local contractors.

Mr Hansen advised that Council is currently reviewing its procurement processes and updating the Procurement Manual.

The Committee noted the report.

CL08 LAKE WYANGAN RESIDENTIAL HOUSING ENABLING INFRASTRUCTURE DEVELOPMENT PROJECT - INDEPENDENT ASSURANCE REVIEW

Mr Grant advised he commissioned an independent assurance review in relation to the Lake Wyangan Residential Housing Enabling Infrastructure project. A number of recommendations have been provided and will be incorporated in this and future projects.

The Committee noted the report.

CL09 TREASURY POLICY ON COUNCIL LOAN BORROWINGS (FS CP 704)

Mr Hansen provided an overview of the Treasury Policy on Council Loan Borrowings and Treasury Policy for Investments.

Ms Brill suggested the following improvements:

- add a statement of risk appetite to the borrowing policy,
- clarify delegation of authority requirements,
- reconsider reporting frequency,
- ensure consistency in measurable controls,
- refine definitions and requirements (such as lender criteria).

Mr Hansen advised that Council is also bound by the Ministerial Borrowing Order which is a legislative instrument that sets the legal parameters, conditions and limits under which local

councils are permitted to borrow money.

Mr Grant advised the Committee that the General Manager's delegations have been reviewed recently following legal advice.

Mr Hansen is to make the recommended amendments to the policies for Council consideration.

CL10 TREASURY POLICY FOR INVESTMENTS (FS-CP-303)

The Committee noted the report.

CL11 ASSET MANAGEMENT POLICY AND ASSET MANAGEMENT STRATEGY

Mr Hansen advised Council officers are working through the Asset Management internal audit recommendations and provided an overview of the reviewed Asset Management Policy and Strategy.

Mr Hansen advised Council has established an asset handover working group convened by the Asset Management Coordinator. Progress reports will be provided to SMT.

The Committee noted the report.

CL12 2026-27 DRAFT OPERATING BUDGET

RECOMMENDATION

Mr Hansen advised Council officers are continuing to reform the budget process and provided an update on next year's budget and the end of year forecasted result.

Council is hoping for an improved cash position in future which can be utilised to top up reserves.

Savings and efficiencies are still required with senior management working towards financial sustainability.

Mr Grant advised the timing and quantity of Financial Assistance Grants is an ongoing issue, however this is a common theme amongst rural regional councils.

Ms Brill enquired why cost saving initiatives had not been identified in the report. Mr Hansen responded that Council has challenged SMT to identify ongoing savings.

Mr Grant stated that most of the savings in this year's budget came from delays in recruitment, not recruiting some positions and postponing non-urgent projects.

The Committee noted the report.

CL13 2026-2036 DRAFT LONG TERM FINANCIAL PLAN

The Committee noted the report.

CL14 QUARTERLY REVIEW REPORTS Q3/2026

For information.

CL15 INVESTMENTS REPORT

For information.

CL16 COMPLIANCE MONITORING SYSTEM

To be discussed at the next ARIC meeting.

CL17 AGENDA FORWARD PLAN

For information.

CL18 SERVICE REVIEWS - UPDATE

The Committee noted the report.

6 OUTSTANDING ACTION REPORT

Ms Radue requested that updates be provided for actions where comments were not provided since the February update. Mr Grant advised SMT have also reviewed the Action Report. Ms Radue will send though high risk items for updates.

7 GENERAL BUSINESS

ARIC members to be invited to the 18 August 2026 Council Workshop to meet with Council.

8 NEXT MEETING

The next meeting of the Audit, Risk and Improvement Committee is to be held on Thursday, 27 August 2026 at 5:00 pm. To be confirmed by email.

There being no further business the meeting terminated at 6:18 pm.