MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE
HELD IN THE MURRAY ROOM ON
THURSDAY, 27 AUGUST 2026 COMMENCING AT 5:10 PM

MEMBERS PRESENT

Stuart Heffer (Chair) (Community Representative), Helen Brill (Community Representative), Dorian Radue (Community Representative), George Youssef (Community Representative - Zoom), Christine Stead (Councillor (non-voting))

Quorum = 3

OTHERS PRESENT

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

STAFF

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

1 APOLOGIES

No apologies were received.

2 CONFIRMATION OF MINUTES

RECOMMENDED on the motion of Stuart Heffer and Dorian Radue that the minutes of the previous meeting held on 28 May 2026, having first been circulated amongst all members, be confirmed.

3 BUSINESS ARISING

Nil.

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

The Chair asked if members had any questions of Mr McCloy regarding Risk Management / WHS issues. Mr McCloy left the meeting at 5:13 pm.

CL01 UPDATE FROM THE GENERAL MANAGER

Mr Grant advised that Council is currently focused on several key priorities. Preliminary financial results for 2025/26 indicate a projected surplus, although final figures are yet to be confirmed.

The 2026/27 financial year is underway, with the new budget adopted. Directors have spent considerable time reviewing the Operational Plan and KPIs, establishing clear objectives for the year ahead and ensuring alignment with Council's strategic priorities.

Council continues to work closely with community members through a number of committees. Council's committee structure will be reviewed in the coming months to ensure it remains effective and aligned with Council's strategic objectives.

Several significant community events are being supported, including the Taste of Italy Festival and One Night Stand. Lake Wyangan remains Council's largest project, with major roadworks now open and drainage channel works continuing. The project remains on track for completion by the end of September and is currently within budget.

In addition, Council is progressing reforms focused on strengthening project management and procurement practices to improve delivery and governance outcomes.

Mr Youssef re-entered the meeting via Zoom at 5:14 pm.

CL02 UPDATE FROM NSW AUDIT OFFICE

Brad Medina from the NSW Audit Office addressed the Committee advising that the auditors will commence the final audit in September.

CL03 INTERIM MANAGEMENT LETTER 2026

Mr Medina advised that the Interim Management Letter had been issued to Council, identifying three new matters requiring attention: procurement, contract management and cybersecurity**.** Management has agreed with the findings and provided proposed remedial actions.

In relation to procurement, opportunities were identified to strengthen controls, including improving documentation practices, tender evaluation processes, conflict of interest guidance and the preparation of formal tender evaluation reports.

Weaknesses were also identified in contract management, including the absence of a comprehensive framework, policy and supporting procedures, limited evaluation evidence and a need for improved monitoring of contract expiry dates. Council has agreed to implement the recommendations.

Cybersecurity continues to present a significant challenge for local government due to the evolving risk environment and rapid technological change. The Audit Office recommended improvements to Council's cyber maturity, particularly alignment with the Essential Eight framework. While recognising that addressing cyber risks requires significant resources and investment, Mrs Donaldson advised that an external specialist has been engaged to review Council's policies and systems and that improvement actions are underway.

Mr Youssef queried whether additional security measures could be implemented to reduce the risk of cyber-attacks. Mrs Donaldson acknowledged the complexity and cost involved, noting that further work is required and that ongoing support and resourcing will be needed to address the identified risks.

Councillor Stead entered the meeting at 5:28 pm.

Ms Radue sought clarification on whether the cybersecurity work identified formed part of an existing project or represented an additional initiative. Mrs Donaldson advised that while there may be some overlap with existing work, it is a separate project and may result in further recommendations. Mrs Donaldson also noted Council's involvement in the RAMJO IT project group, which may provide opportunities for alignment.

Mr Grant advised that the RAMJO IT support project had recently gone to tender and submissions are currently being evaluated. The project is expected to provide councils with a suite of IT support package options at varying service levels. Once the evaluation process is complete, Council will consider the recommendations and determine whether to participate or pursue its own approach.

Mr Hansen advised that a contractor has been engaged to review Council's procurement framework, with the scope subsequently expanded to include contract management. The contractor is also assisting with day-to-day procurement activities, including tenders and quotations. A gap analysis undertaken by Civica had identified that Council's existing procurement and contract management software modules could be better utilised to support compliance and address the Audit Office's recommendations.

CL04 INTERNAL AUDIT REPORT - CREDIT CARD USAGE

Mr Prowse addressed the Committee and noted that Council had adopted a revised Credit Card Policy in January 2026, which fell outside the audit review period. The revised policy was acknowledged as a significant improvement and many of the management actions identified in the audit response have already been implemented.

Council has increased the number of credit cards issued and raised transaction limits, reducing the need for card sharing and supporting more efficient purchasing of low-value items. Overall, the audit found Council's controls to be partially effective, with no high-risk findings, identifying eight medium-risk and three low-risk recommendations. No fraudulent transactions were detected, cash advances are prohibited, and HR processes are in place to ensure cards are returned and disabled when employees leave Council.

Key recommendations included:

- Implementing an independent review and documented sign-off of credit card reconciliations by the Finance Manager.
- Establishing an exceptions register to record and monitor instances of non-compliance.

Mr Hansen advised that many of the audit recommendations had already been addressed as the audit commenced prior to the introduction of the new policy. Monthly reporting to the Senior Management Team has been established, an exceptions register is in place, training has been rolled out and documentation requirements have been strengthened. The policy has also been updated to replace the previous requirement for an annual audit with periodic spot checks.

RECOMMENDED on the motion of Stuart Heffer and George Youssef that the Committee endorse the recommendations and management responses as provided in the internal audit report for Credit Card Usage.

CL05 REVIEW OF TERMS OF REFERENCE AND CHARTER

Ms Radue noted that the Audit, Risk and Improvement Committee Charter is broad in scope and reflects the requirements of the Office of Local Government Guidelines. She expressed concern that the Committee is unable to adequately form an opinion on whether all Charter responsibilities are being met without receiving reports addressing each area of responsibility.

RECOMMENDED on the motion of Dorian Radue and Stuart Heffer that the Audit, Risk and Improvement Commmittee Terms of Reference and Charter, as attached to the report, be adopted.

CL06 TREASURY POLICY - RESERVES AND RESTRICTIONS

Mr Hansen advised that the Treasury Policy – Reserves and Restrictions Policy forms the final pillar of Council's Treasury Management Framework. The policy introduces a formal framework for the establishment and management of internal Council reserves and includes a master reserve register to ensure funds are held and used for their intended purpose. It was noted that the framework aligns reserve management with Council's broader investment arrangements.

The intent of the policy is for Council facilities and services to be financially sustainable, with future capital works funded from the relevant internal reserve where appropriate.

Ms Radue suggested that the term "Statutory" be inserted in the category table on page 90 where "N/A" currently appears. Management advised that the policy is scheduled to be presented to Council in September 2026.

Mr Youssef queried whether funds held in restricted reserves could be utilised for other purposes. Mr Hansen noted that the Charter for each reserve specifies the circumstances under which funds may be used and that Council may resolve to reallocate funds from internal reserves if considered appropriate.

Mr Hansen further advised that Council can, on a case-by-case basis, borrow from reserves to fund projects, with decisions regarding reserve contributions and allocations also considered as part of the annual budget and financial statement process.

Ms Brill sought clarification on how interest would be accounted for when transferring funds between reserves. Management advised that any transfers would need to be appropriately documented and that the treatment of interest may vary depending on the size and nature of the transaction. It was suggested that the policy include guidance regarding the allocation of interest earnings. It was noted that, at present, most interest earned on reserve funds is allocated to Council's consolidated revenue.

RECOMMENDED on the motion of Stuart Heffer and Helen Brill that the Committee:

(a) Note the report and provide advice to Council on the proposed Treasury Policy on Reserves and the associated three-tier reserve governance framework.

(b) Endorse the draft policy to Council for adoption.

CL07 FL-CP-201 PROCUREMENT POLICY

Mr Hansen advised that the Procurement Policy has been updated and reinforces Council's obligations to comply with relevant legislation and new procurement guidelines while ensuring procurement processes are appropriate to Griffith City Council's size, risk profile and operational needs.

The policy also establishes a mechanism for management to report back to Council on compliance with the procurement framework and the effectiveness of procurement practices. It was noted that the policy represents the first stage of Council's broader procurement reform program, with further improvements to procurement and contract management processes planned as part of the ongoing reform agenda.

RECOMMENDED on the motion of George Youssef and Stuart Heffer that

The Audit, Risk and Improvement Committee:

(a) Receives and notes the report;

(b) Reviews the draft Procurement Policy (FL-CP-201, Revision 6) at Attachment 1 and provides comment and suggestions for improvement; and

(c) Endorses the draft Procurement Policy for reporting to Council for adoption, subject to any amendments arising from the Committee's consideration.

CL08 FS-CP-102 RELATED PARTIES DISCLOSURE POLICY

Mr Hansen advised that the Related Party Disclosures Policy has been amended following observations raised by NSW Audit Office staff during the audit process. The updates provide greater clarity around the disclosure requirements and ensure the policy more accurately reflects the applicable accounting standards.

RECOMMENDED on the motion of Stuart Heffer and Dorian Radue that the Committee:

(a) Note the compliance cap in the current policy that has driven the revision

(b) Provide any advice considered appropriate

(c) Endorse the revised Related Parties Disclosures Policy (FS-CP-102) for submission to Council for adoption.

CL09 INVESTMENTS - FY26 COMPLIANCE AND FY27 BASELINE

Mr Hansen advised that a small number of non-compliance issues had been identified in relation to Council's investment portfolio. It was recommended that the affected investments be held until maturity, with compliance issues addressed as investments are renewed. The matter has been reported to Council.

Council's investment performance exceeded budget expectations across all funds during the reporting period. Mr Hansen advised that the Investment Policy will be reviewed annually.

Discussion occurred regarding the policy restriction preventing investment in securities rated below A-. Mr Hansen noted there may be merit in considering investments with a BBB credit rating and advised that a detailed review of Council's risk appetite and the potential benefits and risks of such investments would be undertaken. Any proposed changes would be presented to the Audit, Risk and Improvement Committee and Council for consideration.

RECOMMENDED on the motion of Stuart Heffer and Dorian Radue that the Audit, Risk and Improvement Committee note the report and the actions listed at the Action Required table, with progress reported to the Committee at each meeting until complete.

CL10 ADOPTION OF DELIVERY PROGRAM & OPERATIONAL PLAN (BUDGET), LONG TERM FINANCIAL PLAN 2026/27

The Committee noted the report.

CL11 AGENDA FORWARD PLAN

The Committee noted the report. A Meeting without the General Manager, as suggested by the Office of Local Government Guidelines, is scheduled to take place after the next ARIC meeting in October. Date of the November meeting is to be confirmed.

CL12 ICAC REPORT - CONTINGENT WORKERS AT COUNCIL

The Committee noted the report.

6 OUTSTANDING ACTION REPORT

The Committee noted the Outstanding Action Report.

Ms Radue acknowledged the significant work being undertaken by management and observed that some actions had remained on the report for an extended period. She queried whether the original comments and action items may, in some cases, have been superseded by more recent projects or changed circumstances, and suggested a review of older items to ensure the report accurately reflects current priorities and activities.

Mr Youssef noted that action reporting could assist the Committee in assessing its effectiveness and demonstrating the value of its oversight activities.

Mr Hansen suggested that future reports include a summary of key issues to assist the Committee in focusing on the most significant matters requiring attention.

Mr Prowse advised that the Audit, Risk and Improvement Committee Guidelines require the Committee to monitor management's responses to audit findings, oversee the implementation of agreed actions and follow up on whether audit recommendations have been appropriately addressed.

7 GENERAL BUSINESS

7.1 AI and Cybersecurity

Mr Heffer sought clarification on Council's use of artificial intelligence and associated cybersecurity considerations. Mrs Donaldson advised that policies and safeguards are in place to govern the use of AI, including the use of approved platforms and controls around confidential information.

7.2 Cost Savings and Efficiency

Mr Youssef suggested that staff be encouraged to identify potential cost savings and efficiency improvements, noting that employees are often well placed to identify opportunities to reduce waste and improve operations.

Mrs Donaldson advised that Council already has several channels for staff feedback, including toolbox talks and the upcoming staff satisfaction survey. Management noted that opportunities for staff engagement and feedback will continue to be reinforced across the organisation.

8 NEXT MEETING

The next meeting of the Audit, Risk and Improvement Committee is to be held on Wednesday, 21 October 2026 at 5:00 pm.

There being no further business the meeting terminated at 6:38 pm.