

---

# Audit, Risk and Improvement Committee - meeting update

*Responsible Officer: Group Manager People and Performance (Helen McNeil)*

---

## Recommendation

That Council:

1. Receive and note the:
  - a) Attached minutes from the Audit, Risk and Improvement Committee meeting of 24 July 2023; and
  - b) Audit, Risk and Improvement Committee performance report for the period 2022-2023.
2. Acknowledge the valuable contribution to Council made by Brian Wilkinson over several years in his capacity as Chairperson of the Audit, Risk and Improvement Committee.

## Background

The Audit, Risk and Improvement Committee ('Committee') met on 24 July 2023. A copy of the minutes of the meeting are provided at [Attachment 1](#).

At the July meeting, two (2) new Committee members were welcomed – Laurie Lefcourt (incoming Committee Chair) and Raymond Wong (incoming Independent Member).

The Committee meeting was held at Rocky Creek Dam, and attended by Council's Chair (Cr Mustow), to mark the conclusion of the term of the outgoing Committee Chair, Brian Wilkinson, and thank him for his service on the Committee.

This final Committee meeting chaired by Mr Wilkinson provided an opportunity for the two (2) new Committee members to observe and to facilitate a smooth handover to the incoming Committee Chair, Ms Lefcourt.

The next scheduled Committee meeting is in October 2023 for the purpose of considering Council's financial statements and will be the first Committee meeting chaired by Ms Lefcourt.

For the remainder of the calendar year, the Committee will be comprised of the following four (4) voting members:

1. Laurie Lefcourt – Committee Chair (term expiring 2027)
2. Andrew MacLeod – Independent Member (term expiring 2025)
3. Raymond Wong – Independent Member (term expiring 2027)
4. Cr Big Rob – Councillor Member (term expiring February 2024)

Under the ['Risk Management and internal audit guidelines for local government in NSW'](#) (the 'Guidelines') issued by the Office of Local Government, only a non-voting (i.e. observer) Councillor Member will be permissible on a council's Committee which must be comprised of a minimum of three (3) independent members (inclusive of the Chair) from 1 July 2024.

The current Committee Charter will be updated to reflect the requirements of the new Guidelines in the latter half of this year and presented to Council for adoption at its December 2023 ordinary meeting.

As the final and first Committee meetings in a calendar year occur in November and March, respectively, this approach will allow the term of the current Councillor Member to conclude naturally.

---

## Key messages

### 1. Chair's report – Committee Performance Review 2022-2023

The 2022-2023 Committee Performance Report was endorsed by the Committee and is presented to Council at this meeting by the Committee Chair (via video link) - see [Attachment 2](#).

### 2. Financial Management

The Committee received and noted the information presented in the Financial Management - July 2023 report regarding:

- The draft Delivery program / Operational plan and 2023/24 Budget adopted at Council's June 2023 meeting applicable for 1 July 2023 to 30 June 2024.
- NSW Audit Office – Interim Audit – Management Letter.
- The presentation format of the draft Financial Statements (to 31 May 2023) for year ending 30 June 2023.
- Revaluation of land and building infrastructure.
- The Investment report furnished to Council's June 2023 meeting applicable for the month of June 2023.
- NSW Treasury Corporation (TCorp) loan obligations.
- New South Wales Auditor-General's Financial Audit Report on Local Government.
- New South Wales Auditor-General's Performance Audit Report – Financial Management and Governance in MidCoast Council.

### 3. Dam Safety Management System Audit

The Committee was provided with information on an audit of Council's compliance with the *Dam Safety Act 2015* (NSW) and the *Dam Safety Regulation 2019* (NSW) conducted by Dam Safety NSW ('DSNSW') on 2 March 2023.

The audit focussed on the dam safety documentation Council uses to manage the safety of its dams (Rocky Creek Dam and Emigrant Creek Dam), covering:

- Dam operation and maintenance and related processes
- Dam emergency preparedness process as an integrated part of the emergency planning process
- Dam safety management process and related risk management and assurance processes

The Audit Report issued by DSNSW on 7 June 2023 identified nine (9) non-compliances and eleven (11) improvement recommendations assessed by staff as minor in nature.

Progress towards completing these actions will be reported to, and overseen by, the Committee on a quarterly basis.

### 4. Risk and compliance

The Committee was provided with information on current market conditions with respect to insurance and local government sector risks being faced nationally and by States/Territories.

---

The top 5 local government sector risks faced by councils in NSW are reported as:

1. Financial sustainability;
2. Cyber security;
3. Disaster / Catastrophic events;
4. Business continuity planning; and
5. Infrastructure and assets.

Confirmation of insurance renewals for FY2023/24 was also provided to the Committee. The variance (approximates) in insurance premiums compared to last year (FY2022/23) is summarised in the below table:

Public Liability/Professional Indemnity	↑	7.5%
Crime	↑	14.5%
Property	↑	16.4%
Councillors and Officers Liability	↑	7.5%
Motor vehicle	↑	8.7%
Personal accident	↑	8.4%

## 5. Health Safety and Environment

The Committee considered reporting performance and insights relating to health and safety matters over the period May – June 2023.

A plan for addressing self-identified improvement actions targeted at uplifting the reporting and safety culture within the organisation was also outlined.

## 6. Audit

The Committee received an update on staff's progress towards implementing improvement recommendations made by Council's external auditors and internal auditors across the areas of work, health and safety, asset management, procurement, and ICT general controls since the last update to the Committee in February 2023.

During the period May – July 2023, nine (9) audit recommendations were completed and closed out and thirteen (13) internal audit recommendations remain outstanding. Of these 13 outstanding recommendations, one (1) is rated a 'High' risk with the remainder rated 'Moderate - Low' risk.

## 7. Other Matters

The Committee was provided with a summary of the report dated 25 May 2023 released by the NSW Audit Office on the effectiveness of the Office of Local Government in the regulation and monitoring of local government.

**Publication link:** [Audit Office of NSW – Regulation and monitoring of local government 25 May 2023.](#)

## Consultation

This report was prepared in consultation with the Audit, Risk and Improvement Committee Chairperson.

---

## **Conclusion**

This report provides a summary of the key messages from the 24 July 2023 Audit, Risk and Improvement Committee meeting.

### Attachments

1. Audit, Risk and Improvement Committee meeting minutes 24 July 2023
2. Committee Performance Review - period 2022-2023