

**NAMBUCCA VALLEY COUNCIL**

**AUDIT, RISK &  
IMPROVEMENT  
COMMITTEE**

**ANNUAL REPORT  
2023/2024**



Published by  
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# GIINAGAY

Giinagay (said: 'ginn-a-gay') =  
welcome. From the local indigenous/  
Gumbaynggirr language.

We acknowledge the Gumbaynggirr  
people as the Traditional Owners of the  
land on which we live and work. We honour the  
First Nations peoples culture and connection to  
land, sea and community. We pay our respects to  
their Elders past, present and emerging.

## ENQUIRIES

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# FOREWORD

It is with pleasure that I submit this 2023/24 Annual Report of the Audit Risk and Improvement Committee on behalf of the Committee. This is the first Annual Report for the current Committee.

The committee members bring a unique range of skills and experience to matters considered by the Committee and have worked together as a cohesive team. It is considered that the Committee has provided valuable advice and recommendations to Council and Executives on a wide range of challenges.

I express my appreciation to the members of the Committee being the other two independent Committee members Elizabeth Jeremy and Michael Reardon as well as former Councillor John Wilson as the Councillor Committee member.

I also thank the Director Corporate Services Matthew Sykes for his support provided to our Committee during the year as well as General Manager Bede Spannagle and Council Executive Leadership Team for providing the requested information as required by the Committee and in attending our Committee meetings.

Our Committee work has been supported by the External Auditors Thomas Noble and Russell and our external Internal Auditors Forsyth's.

The Committee provides an advisory and assurance role only and has no administrative function, delegated financial responsibility nor any management functions of the council. The Committee provides independent advice to the council that is informed by the council's internal audit and risk management activities and information and advice provided by council staff relevant external bodies and subject matter experts.

All councils and joint organisations are required under the Local Government Act 1993 to have an audit risk and improvement committee from 4 June 2022. Nambucca Valley Council has had a audit risk and improvement committee in place prior to 4 June 2022.

The Committee has achieved a lot since our first meeting in August 2023 and I am proud of our outcomes during the 2023/24 year as you will see highlighted in this Annual Report.

I thank the members of the Committee for their contribution and commitment since inception and I commend this 2023/24 Annual Report of the Audit Risk and Improvement Committee to you.

Barry Ford  
**CHAIRPERSON**

# COMMUNITY OVERVIEW

The Nambucca Valley is located in the Mid North Coast region in NSW. The Local Government Area covers an area of 1,493 square kilometres and has five major centres; Nambucca Heads, Macksville, Bowraville, Valla Beach and Scotts Head.

**20,407**  
Population

**52 years**  
Median age

**20,774**  
Estimated residential  
population (ERP) 2023

**8%**  
of our population  
identify as Aboriginal  
or Torres Straight  
Islander  
NSW Average 3.4%

**2 Towns**  
With population  
greater than 5000  
(Macksville &  
Nambucca Heads)



**13.92**  
Population density\*

**2**  
National Parks

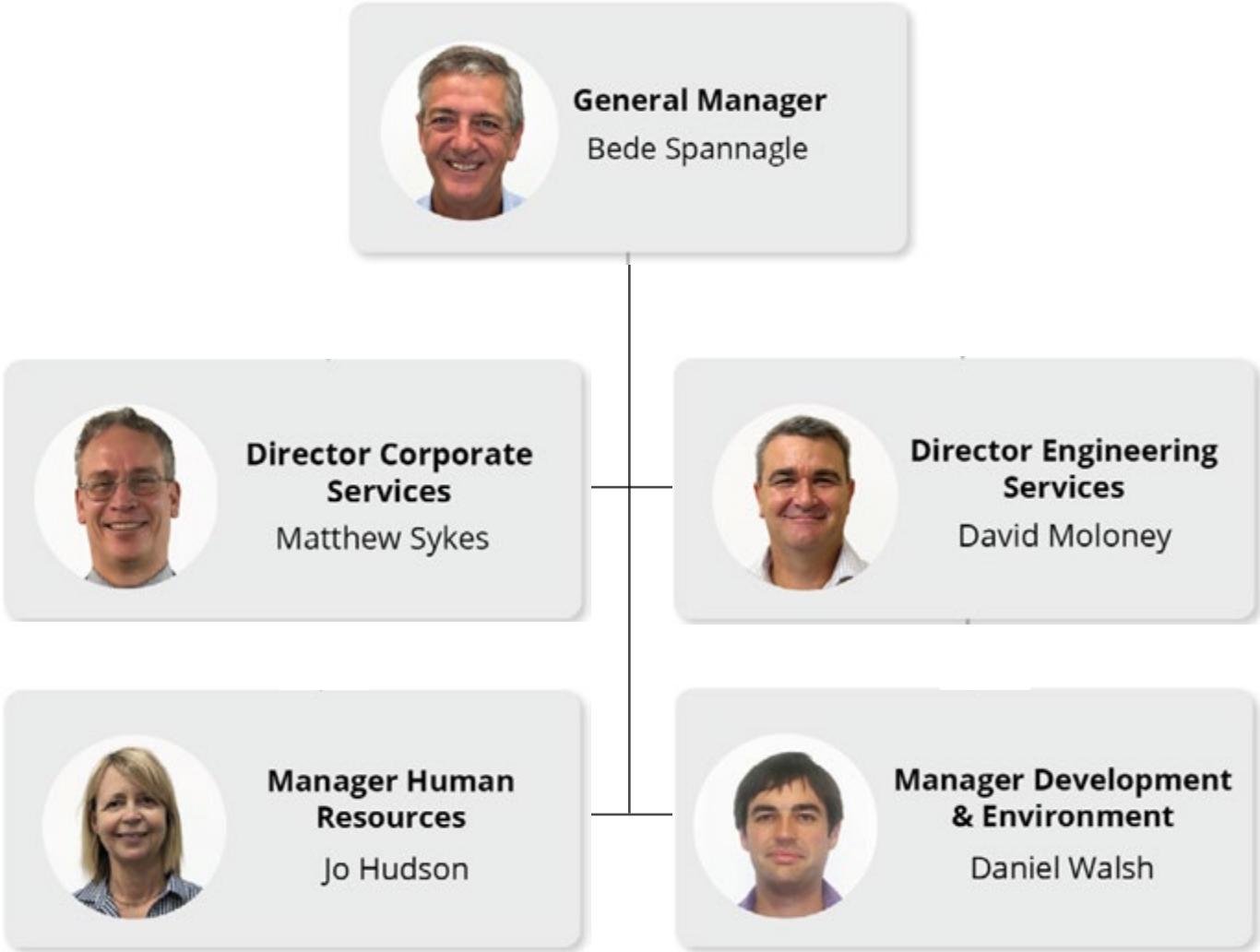
**8**  
Local Nature Reserves

**25km**  
of coastline

**730 km**  
of road

\* Population density based on ERP 13.92 persons per square km (NSW 10.41 per square km)

# ORGANISATION STRUCTURE



# NAMBUCCA VALLEY COUNCIL

## AUDIT RISK & IMPROVEMENT COMMITTEE (ARIC)

The current committee was established in June 2023 by a resolution of Council and is made up of three independent external members and one Councillor member. This membership is in accordance with the Office of Local Government Risk Management and Internal Audit Guidelines in NSW.



# NAMBUCCA VALLEY COUNCIL

Nambucca Valley Council Chambers. Princess Street, Macksville



# OBJECTIVE

The objective of this Committee is to provide independent assurance, oversight, and assistance to Council on risk management, control, governance, internal audit, organisational performance and external responsibilities in an advisory capacity.

Its establishment reflects the commitment of the Nambucca Valley Council to industry better practice and high standards of accountability to the community it serves.

The Committee works under a charter that is prepared in accordance with Office of Local Government guidelines and industry best practice, that specifies its scope, responsibilities, authority and relationships with other Council activities and of course its independence.

Information of the ARIC including its Terms of Reference, Internal Audit Charter, and Work Plan are located at <https://www.nambucca.nsw.gov.au/Council/Council-Business-Councillors/Audit-Risk-Improvement-Committee>

The ARIC also provides minutes of its meetings which are included in Council Business papers located at <https://www.nambucca.nsw.gov.au/Council/Council-Business-Councillors/Business-Papers>

The ARIC provides information to Council for the purpose of improving the Council's performance of its functions. The Committee aims to review and provide advice on Council's operations, such as:

- Compliance
- Risk Management
- Fraud Control
- Financial Management
- Governance

The Committee also reviews the implementation of the strategic plan, delivery program and strategies including service reviews, collection of performance measurement data by council and any other matters prescribed by the regulations.



# MEMBERS

The committee members bring a unique range of skills and experience to matters considered by the Committee and has worked together as a cohesive team. It is considered that the Committee has provided valuable advice and recommendations to Council and Executives on a wide range of challenges.

The committee currently comprises:

- Barry Ford – Chairperson, Independent Member
- Elizabeth Jeremy – Independent Member
- Michael Reardon – Independent Member

Prior to 14 September 2024 NSW Local Government Election the former Councillor John Wilson was the Nambucca Valley Council representative (non-voting member).



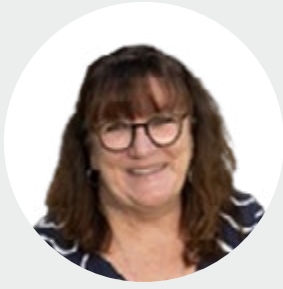
Barry Ford  
**Chairperson**

Barry Ford has a Bachelor of Business (Accounting) with a Master of Business Administration and a Post Graduate Diploma in Strategic Management. He is a Chartered Accountant and Graduate Member of the Australian Institute of Company Directors.

He has over thirty year's experience as a Board member in for profit and not for profit organisations dealing with all aspects of operations, strategic planning, financial and annual reporting. In addition, Barry has over 10 years of experience as an ARIC committee member. He is currently an ARIC member on other local Councils.

Other roles include:

- Member of the Coffs Harbour City Council and Bellingen Shire Council Audit and Risk Committees
- Member of the Board of the Trustee overseeing the management and development of a significant Crown Land Reserve-Coffs Harbour Showground Crown Land



Elizabeth (Liz) Jeremy  
**Independent  
Member**

Liz Jeremy is an experienced independent member/director, business leader and skilled problem solver with extensive expertise in local government, governance, engagement, sustainability and resilience in addition to policy and strategy development. She has held previously and currently holds various board and committee chair/member roles. Holding a Master's degree from Southern Cross University, along with membership of the Australian Institute of Company Directors, Liz's expertise is deeply rooted in her extensive professional journey. This journey includes serving six councils and communities, in a variety of roles including Director and General Manager, and Executive Officer of a region of councils. Liz is currently a member of 10 Audit Risk and Improvement Committees across NSW in addition to running a consultancy practice focused on organisational sustainability and resilience.



Michael Reardon  
**Independent  
Member**

Former State Government (TfNSW) Executive Director with over 30 years senior management experience in the areas of operational/asset management, revenue protection and security risk management.

AUDIT RISK &  
IMPROVEMENT  
COMMITTEE  
(ARIC)

THE YEAR  
IN REVIEW



# MEETINGS

The following meetings were held during 2023/24:

In 2023/24 the committee met 4 times to review internal audit reports, the internal audit plan and audited financial statements.

- 9 August 2023
- 11 October 2023
- 17 January 2024
- 10 April 2024

## COMMITTEE ATTENDANCE

Attendance at the 2023/24 meetings:

COMMITTEE MEMBER	ROLE	MEETING DATES			
		9 August 2023	11 October 2023	17 January 2024	10 April 2024
Barry Ford	Chair	x	x	x	x
Elizabeth Jeremy	Independent	x	x	x	x
Michael Reardon	Independent	x	x	x	x
John Wilson	Councillor	x	x	x	Apology

Other (non-voting) attendees at ARIC meetings include:

- Mayor
- General Manager
- Director Corporate Services
- Director Engineering Services
- Chief Financial Officer
- Manager Development and Environment
- Manager Human Resources
- Business Services Coordinator

## DISCLOSURE OF INTERESTS

Disclosures are recorded at the start of each meeting. Annual Declarations of Interest are provided by ARIC members.

# INTERNAL AUDIT

Internal audits are conducted by Forsyth's (Council's internal audit service provider), and the 2023/24 financial year was the first year of a three year contract. Forsyth's attended each ARIC meeting post an internal audit being conducted to provide audit findings and recommendations including an action plan outlining agreed management actions and timeframes.

The committee reviews audit reports and endorses recommendations as appropriate. Audit actions are tracked, and the current status of audit action items are reported to the committee on a quarterly basis.

The following Internal Audits were conducted in the 2023/24 financial year by Forsyth's:

AUDIT	WHEN
Project Management	Quarter 1
Contract Management	Quarter 1
Records Management	Quarter 3
Grants Management	Quarter 4



# SPECIAL PRESENTATIONS

The following special presentations were made to the ARIC during the 2023/24 financial year:

- Statewide Mutual Delivered Risk Management Board Initiatives
- Progress update on findings from External Audits
- Progress update on findings from Internal Audits
- Matters Regarding Realised or Potential Losses
- Asset Management Framework
- 2023/24 Service Review process and progress updates.
- Draft Internal Audit Charter
- Draft 2022/23 Annual Financial Statements
- September 2023 Quarterly Budget Review
- Information and Communication Technology Incident Reviews
- Revised ARIC Terms of Reference
- Review of Audit Office of NSW reports on Local Government 2023 and Cyber Security in Local Government.
- Audit Annual Engagement Plan 2024

## FINANCIAL MANAGEMENT

- The annual financial statements for the year ended 30 June 2023 were reviewed by the ARIC. The reports provided statements by management that the financial reports complied with applicable Australian Accounting Standards.
- The ARIC indicated that adequate internal controls were in place and that the financial reports accurately reported the financial performance and financial position of Council for the period.

## KEY ACHIEVEMENTS 2023/24

The Committee reviewed the following updated policies, procedures and plans:

- Enterprise Risk Management Plan and Control Action Plan Updates
- Review of Council's Statement of Business Ethics
- Review of Council's Investment Policy and Investment Strategy
- Review of Delivery Program and Operational Plan update
- ARIC 4 year work plan 2024 to 2027
- ARIC 2023/24 Work Plan

# ARIC REVIEW OF COUNCIL PERFORMANCE

## AUDIT

### INTERNAL AUDIT

The Council has faced a number of resource related challenges in undertaking, completing and taking the recommended corrective actions. Despite these challenges Council staff have managed to undertake the requested Internal Audits and the results have been reported to the Committee.

Council staff and the Committee have worked together to review and rationalise the ongoing Internal Audit tasks to ensure they remain relevant to the current operation of Council. The Committee's emphasis has been on the completion of tasks from prior Internal Audits, reinforcing a culture of accountability and the integration of risk management into all areas of operation.

The Annual and Four Year plans have been presented to the Committee and will be confirmed in the first meeting after the 2024 Council elections.

### EXTERNAL AUDIT

The annual external Audit plan was presented to the Committee by the Auditor and the Chief Financial Officer. The audit services provided are conducted professionally by the Auditor and Council staff work in conjunction with the Auditor to ensure the audit is completed efficiently, effectively and in a timely manner. The Audit is completed within the times prescribed in the *Local Government (General) Regulation 2021*.

The Committee reviews and comments on the matters raised in the Management Letter that accompanies the Audit Report. This review is undertaken with the appropriate Council staff and the Committee is satisfied the Council staff actively work to resolve any issues raised.



# RISK

## RISK MANAGEMENT

Council have in place a current and appropriate Risk Management Framework, which is disseminated throughout the organisation.

Education and training on the use and understanding of risk and risk management throughout the Council is ongoing.

## INTERNAL CONTROLS

Council has in place relevant policies and procedures for Internal Controls and these are regularly reviewed and updated.

Matters of internal control raised in internal or external audits are reported to the Committee and recommended corrections actively undertaken.



# SUMMARY

The Committee is confident that it is progressively addressing its role and responsibilities as defined in the Charter and has been effective in providing advice and assistance to Council and Executives in order to improve the governance of Council and its capacity to deliver on its objectives for service provision to the community.

## FOCUS AREAS FOR 2024/25

The ARIC will continue its oversight functions and will address the following:

- Review new changes of the Risk Management and Internal Audit framework and comply with the new guidelines
- Continue to monitor progress with the Strategic Internal Audit Plan 2023/24 to 2025/26 and the implementation of internal controls and recommendations
- Support the Executive Leadership Team to establish a robust risk management, fraud and corruption controls, compliance, and governance systems
- Continue to monitor council's response to emerging risks
- Monitor the long-term financial sustainability of Council
- Support the service review program

## FORWARD INTERNAL AUDIT PLAN

Nambucca Valley Council takes a risk-based approach to formulate a three year, rolling forward Internal Audit Plan. The audit planning process requires the leadership and the Executive Leadership Team to periodically consider risk levels, strategic objectives, audit history and other factors to determine audit priorities. An extract from the Strategic Internal Audit Plan 2023/24 to 2025/26 is included at Appendix A.



# APPENDIX A

## FORWARD INTERNAL AUDIT PLAN 2024 - 2026

### STRATEGIC INTERNAL AUDIT PLAN

REVIEW TIMING	INTERNAL AUDIT PROJECT
February 2025	Work force planning review
February 2025	Cyber security and data protection
July 2025	Review of Risk Management Framework
July 2025	Review of Customer Request Management
December 2025	Review of Budget Monitoring processes
December 2025	Development and environment division DA and other regulation compliance
February 2026	Review of Council IT Disaster Recovery Plan (DRP) and Council-wide Business Continuity Plan (BCB)
February 2026	Review of asset maintenance and renewal

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