



MINUTES

Audit, Risk and Improvement Committee Special Meeting Friday 12 January 2024

Date: Friday 12 January 2024

Time: 10:00am

**Location: Council Chambers
Cnr Camp & Weddin Streets
GRENFELL NSW 2810
Via Microsoft Teams**

ORDER OF BUSINESS

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**MINUTES OF WEDDIN SHIRE COUNCIL
AUDIT, RISK AND IMPROVEMENT COMMITTEE SPECIAL MEETING
HELD AT THE COUNCIL CHAMBERS, CNR CAMP & WEDDIN STREETS,
GRENFELL NSW 2810 & VIA TEAMS
ON FRIDAY 12 JANUARY 2024 AT 10:00AM**

1 OPENING

Those in attendance are asked to comply with all relevant WSC codes, policies and procedures at all times.

2 ACKNOWLEDGEMENT OF COUNTRY

Weddin Shire Council would like to acknowledge the Wiradjuri people who are the Traditional Custodians of the Land.

Weddin Shire Council would also like to pay respect to the Elders both past and present of the Wiradjuri Nation and extend that respect to other Aboriginal Australians who are present.

3 ATTENDANCE

PRESENT:

Chair Ron Gillard, Member Les Hullick, Member John Oldfield, Member Cr Glenda Howell (non-voting)

IN ATTENDANCE:

Noreen Vu (General Manager), Leanne Smith (Intentus), Marvic Estocapio (Intentus), Jeff Shanks (Luka Group), Graham Eppelstun (Staff – Weddin Shire Council), Avinesh Maharaj (Staff – Weddin Shire Council), Liz Walters (Secretariat).

4 APOLOGIES

Farisha Ali (Audit Office)

5 DECLARATIONS OF INTEREST

Ron Gillard – Standing Declaration of Interest: Central Tablelands Water ARIC Member

6 REPORTS

7 GENERAL BUSINESS

7.1 AUDITED 2022/2023 FINANCIAL STATEMENTS

File Number: A3

Author: General Manager

Authoriser: General Manager

Attachments:

1. Att 1 - General Purpose Financial Statements
2. Att 2 - Independent Auditors Report GPSS

3. **Att 3 - Report on the Conduct of the Audit**
4. **Att 4 - Special Purpose Financial Statements**
5. **Att 5 - Special Schedule**
6. **Att 6 - FA1805 Engagement Closing Report - Weddin 2023**
7. **Att 7 - AG to Minister for Local Government - Reporting significant matters**

CSP Objective: Democratic and engaged community supported by efficient internal systems

Precis: Local Government Act 1993

Budget: \$ Nil to be sourced from -

RECOMMENDATION

That the Committee:

1. Receive and note the presented 2022/2023 Audited Financial Statements.
2. Note that public notice in accordance with section 418 of the Local Government Act 1993 the Audited Financial Statements for 2022/2023 was provided on 3 January 2024.
3. Note that the Weddin Shire Council will a presentation of the 2022/2023 Audited Financial Statements on 15 January 2024.
4. Note that the Weddin Shire Council will present the Audited Financial Statements to a public meeting, at the 17 January 2024 Extraordinary Meeting.
5. Note that in the event that Council receives any submissions in accordance with s. 420 of the Local Government Act 1993, the submission will be referred to the Audit Office of NSW.

COMMITTEE RESOLUTION 001/24

Moved: Member Hullick

Seconded: Member Oldfield

That the Committee:

1. Receive and note the presented 2022/2023 Audited Financial Statements and associated reports.
2. Note that public notice in accordance with section 418 of the Local Government Act 1993 the Audited Financial Statements for 2022/2023 was provided on 3 January 2024.
3. Note that the Weddin Shire Council will receive a presentation of the 2022/2023 Audited Financial Statements on 15 January 2024.
4. Note that the Weddin Shire Council will present the Audited Financial Statements to a public meeting, at the 17 January 2024 Extraordinary Meeting.
5. Note that in the event that Council receives any submissions in accordance with s. 420 of the Local Government Act 1993, the submission will be referred to the Audit Office of NSW.
6. Thank Intentus for their work on conducting and completing the audit.
7. Thank Jeff Shanks and Luka Group for their assistance during the audit process.

8. Thank staff at Weddin Shire Council for preparing and finalising documents for the completion of the audit, and for following up on outstanding debtors.
9. Acknowledge our support, and commend Council, for the voluntary corrective actions proactively taken against the matters raised in the Audit Office's letter to the OLG Minister [Att 7].
10. Acknowledge that issue surrounding the negative unrestricted cash position had been corrected by Council prior to the audit being finalised.
11. Reiterates its continued support of Council's position regarding the non-recognition of 'Red Fleet' assets.

CARRIED

PURPOSE

This report provides a brief of Council's audited Financial Statements for 2022/2023. In accordance with the Local Government Act 1993, the statements are presented for information to the Audit, Risk and Improvement Committee (ARIC).

BACKGROUND

Council's external auditor, the Audit Office of New South Wales, via Intentus Chartered Accountants, has completed the audit of the financial statements for 2022/23. In accordance with s.418(3) of the Local Government Act 1993, Council must provide public notice of the presentation of the financial reports, which it has done so on 3 January 2024.

Submissions must be in writing and lodged with the Council within 7 days after the date on which those reports are presented to the public and do so in accordance with s. 420 of the Local Government Act 1993 (24 January 2024).

The public notice provides a high-level overview and is provided below.

Weddin Shire Council
General Purpose Financial Statements
for the year ended 30 June 2023

Public notice – Presentation of financial statements

as per Section 418 (3) of the Local Government Act.

In accordance with Section 418 (3) of the *Local Government Act 1993 (NSW)*, Weddin Shire Council advises that the ordinary Council meeting to be held on 17 January 2023 will include the presentation of the audited Financial Statements and the Auditor's Reports for the year ending 30 June 2023.

A summary of the Financial Statements is provided below.

	2023	Restated Actual 2022
	\$ '000	\$ '000
Income Statement		
Total income from continuing operations	37,670	18,566
Total expenses from continuing operations	23,327	14,761
Operating result from continuing operations	14,343	3,805
Net operating result for the year	14,343	3,805
Net operating result before grants and contributions provided for capital purposes	4,225	(1,466)
Statement of Financial Position		
Total current assets	18,979	15,066
Total current liabilities	(8,835)	(10,331)
Total non-current assets	292,350	269,062
Total non-current liabilities	(4,325)	(4,691)
Total equity	298,169	269,106
Other financial information		
Unrestricted current ratio (times)	3.06x	3.37x
Operating performance ratio (%)	14.03%	(14.09)%
Debt service cover ratio (times)	15.52x	4.71x
Rates and annual charges outstanding ratio (%)	10.51%	9.02%
Buildings and Infrastructure Renewal Ratio (%)	248.43%	0.00%
Own source operating revenue ratio (%)	39.04%	38.27%
Cash expense cover ratio (months)	4.49	13.46

In accordance with Section 420 of the *Local Government Act 1993 (NSW)*, any person may make a submission in writing to Council with respect to the Council's Audited Financial Statements or the Auditor's Reports.

Copies of the Audited Financial Statements and the Auditor's Reports may be inspected at:

Internet: www.weddin.nsw.gov.au
Locations: Weddin Shire Council
73 Camp Street
Grenfell NSW 2810

Submissions close one week after the above public meeting has been held.

ISSUES AND COMMENTS

The Draft unaudited Financial Statements for the 2022-2023 period was presented to the ARIC on 27 September 2023. The issues raised in the preparation process included:

- Prior Year Error – Depreciation (2021/2022 period)
- Restricted cash breach. At 30 June 2023, Council had insufficient funds to cover its external restrictions due to the debtors and debtors accruals at year end. Council was found to be in breach in two areas, s. 410(3) in relation to the sewer fund and developer contribution sewer fund, money that is not yet required for the purpose for which it was received may be lent (by way of internal loan) for use by the Council for any other purpose, if and only if, its use for that other purpose is approved by the Minister. Council did not have this approval 30 June. Council was also in breach of s. 409(3) as it had used cash for purposes other than the restrictions.
- Council's position on the red fleet assets would continue to see Council receiving a qualified audit.

The Auditors attended site on 7 and 8 November 2023. The Audit has resulted in a modified qualified opinion. The modification relates to a number of corrected monetary misstatements. The following provide a summary provided by the Audit Office.

Corrected monetary misstatements

Management corrected the following monetary misstatements in the current year's GPFS. We agree with management's determination and confirm this treatment complies with Australian Accounting Standards.

Description	Assets	Liabilities	Net operating result for the year	Other comprehensive income
Effect of correction	Increase/ (decrease)	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
	\$'000	\$'000	\$'000	\$'000
Factual misstatements				
Indexation adjustment for community land and updated valuation result of buildings was not processed	199	-	-	(199)
Understatement of impairment of road assets	(1,207)	-	-	1,207
Recognise depreciation on new asset additions	(196)	-	196	-
Reverse RMCC revenue and receivables pertaining to FY24	(1,714)	-	1,714	-
Correction of grants income and corresponding contract liabilities	-	342	(342)	-
Total impact of corrected misstatements	(2,918)	342	1,568	1,008

Corrected disclosure deficiencies

There were no material corrected disclosure deficiencies in the current year's GPFS.

As per Council's Self-Initiated Improvement Management Plan, mechanisms have been put in place to avoid this from occurring again.

1. General Purpose Financial Statements
2. Special Purpose Financial Statements
3. Special Schedules
4. Independent Auditor's Reports
5. Report on the Conduct of the Audit
6. Engagement Closing Report
7. Letter from the Auditor-General to the Minister for Local Government to report significant matters

During the presentation from the auditors, it was collectively recognised that care needs to be taken in explaining and understanding the statistics, ratios, graphs, etc. in the summary reports accompanying the audited accounts given that they are a snapshot at a particular point in time. Leanne advised that she normally exercises such care when presenting to Councillors.

POLICY/LEGAL IMPLICATIONS

At 30 June 2023, Council was in breach of s. 409(3) and s. 410(3) of the Local Government Act 1993. Council notes that this was a point in time issue at 30 June 2023. A letter has been issued to the Minister for Local Government on Council's Financial Statement being of significant interest on the restricted cash breach and also provided to the ARIC for your awareness.

Council has a number of obligations under the Local Government Act now with the audited financial statements.

Under s. 420 of the Local Government Act 1993 states:

420 Submissions on financial reports and auditor's reports

(1) Any person may make submissions to the council with respect to the council's audited financial reports or with respect to the auditor's reports.

(2) A submission must be in writing and must be lodged with the council within 7 days after the date on which those reports are presented to the public.

(3) The council must ensure that copies of all submissions received by it are referred to the auditor.

(4) The council may take such action as it considers appropriate with respect to any such submission, including the giving of notice to the Departmental Chief Executive of any matter that appears to require amendment of the council's financial reports.

FINANCIAL/RESOURCE IMPLICATIONS

Council staff would like to thank the external contractors, Luka Group for undertaking the Annual Financial Statements and the setting up of internal systems to ensure effective reporting of grants and income.

INTERNAL/EXTERNAL CONSULTATION

Public notice for the presentation of the financial statements also provided a copy of the audited financial statements online (Council website and Facebook). The Public Notice was also advertised in the Grenfell Record. There will be a further seven (7) day public exhibition period after this Council meeting, welcoming submissions to provide to the Audit Office.

CONCLUSION

That the ARIC receive and note the audited Financial Statements for year ending 30 June 2023.

8 NEXT MEETING

[Monday 26 February 2024 at 10:00am.](#)

9 CLOSURE

The Meeting closed at **10:34am**.

The minutes of this meeting were confirmed at the Audit, Risk and Improvement Committee held on .

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CHAIRPERSON