



Audit, Risk and Improvement Committee Annual Report

2024-25



Parkes Shire Council

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Audit, Risk and Improvement Committee Annual Report

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1. Acknowledgement of Country

Parkes Shire is part of the Wiradjuri nation - the largest Aboriginal territory at the time of European settlement. Parkes Shire Council acknowledges the Wiradjuri people who are the Traditional Custodians of the Land and pays respect to the Elders both past and present of the Wiradjuri nation.

The Wiradjuri are the largest group in central New South Wales (NSW) by area and population, with lands stretching from Coonabarabran in the North to the Great Dividing Range and out to Western NSW, encompassing one fifth of NSW and are known as the people of the three rivers: the *Wambuul* (now known as the Macquarie River), the *Galari* (the Lachlan River), and the *Marrambidya* (the Murrumbidgee River).

The Wiradjuri people live in harmony with the Country, they believe they don't own the land, but that they are responsible for looking after it. The Gugaa (Goanna) is the overarching totem for the Wiradjuri Nation. It is the symbol that connects all people, past and present, of Wiradjuri land.

We recognise and respect their cultural heritage, beliefs and continuing connection with the land and rivers and recognise the resilience, strength, and pride of the Wiradjuri community.





2. About the Audit, Risk and Improvement Annual Report

This Annual Report documents the operation and activities of Parkes Shire Council's Audit, Risk and Improvement Committee (ARIC) during the period 01 July 2024 to 30 June 2025. This annual assessment is required by the *Local Government Act 1993* and the prescribed *Guidelines for Risk Management and Internal Audit for Local Government NSW*.

3. Audit, risk and Improvement Committee

Council's current ARIC commenced from 1 June 2022. It was established in line with the draft *Risk Management and Internal Audit Guideline for Local Councils in NSW*, published by the Office of Local Government in August 2021, which include model Terms of Reference for Audit, Risk and Improvement Committees that clearly outline the objective, authority, composition, role, responsibilities and administrative arrangements of the Committee and its members.

After the 2024 NSW Local Government Elections, the newly elected Council, at its Ordinary Council Meeting in November 2024, appointed a Non-voting Councillor Member and alternate to the Committee [OCM 346/24].

At its Meeting in November 2024, ARIC reviewed and updated the Terms of Reference as required following the election.

3.1. Independent Chair

Following a selection process, Mr. Stephen Horne was appointed as the independent Chair for a four (4) year term commencing 1 June 2022 and concluding 30 May 2026 [Res 22-147].

3.2. Independent Members

Following a selection process, Council appointed two (2) independent members to the ARIC in 2022 [Res 22-147]:

- Mr. Tony Harb, four (4) year term from 1 June 2022 to 30 May 2026.
- Dr Meredith Caelli, three (3) year term from 1 June 2022 to 30 May 2025.

Following an assessment of performance in 2025, Council reappointed Dr Meredith Caelli for a second and final term [EMCC 013/25]:

- Dr Meredith Caelli, three (3) year term from 1 June 2025 to 30 May 2028

3.3. Non-Voting Councillor Member

Council appointed Cr Marg Applebee as a non-voting member (Council delegate) of the committee and Cr Joy Paddison as the alternate representative.



3.4. Member Profiles

Stephen Horne (Chair)



Serving as a non-executive director since 2015, Stephen has developed a portfolio of audit committee experience spanning the Commonwealth, NSW, NSW Local Government and Victorian Local Government sectors.

Stephen has served on 23 different audit & risk committees since 2016, and has trained over 300 people in best practices for ARCs since 2018. Stephen previously served for 38 years in the NSW public sector, including roles of NSW Assistant Auditor-General (Performance Audit) and Chief Executive of the Internal Audit Bureau (IAB).

Stephen is a qualified Company Director (GAICD), Governance Professional (FGIA, FCG, CGP), certified internal auditor (PFIIA, CIA, CGAP), is certified in risk management assurance (CRMA), and has a business degree and postgraduate qualifications in management, management communications and fraud control.

Tony Harb (Independent Member)



Tony Harb is an accountant and risk management professional with over 30 years' experience in internal and external audit, enterprise risk management, financial control, corporate change and strategic management.

Tony is a Chartered Accountant and the founding Director of InConsult, a risk management and internal auditing firm.

Prior to establishing InConsult, Tony Harb held senior roles in the private sector, including at Ernst & Young, Allianz and Combrook. Mr Harb has considerable experience working in the local government sector, and currently serves on the Audit, Risk and Improvement Committees of several councils. He also holds a Bachelor of Accounting and Master of Business Administration.

Meredith Caelli (Independent Member)



Dr Meredith Caelli is a seasoned governance and risk professional with a breadth of knowledge from over 25 years of experience in the NSW Public Sector. This has included work as the Disaster Coordinator for NSW Health Pathology and six years as Manager Audit and Risk. She holds a Graduate Certificate in Business Administration and Graduate Certificate in Internal Auditing, as well as a Doctor of Philosophy in Community Medicine and Clinical Epidemiology.

Prior to joining NSW Health in 2002, Dr Caelli was a lecturer in public health at the University of New South Wales and later, an Infection Control specialist with the Royal Newcastle Hospital. Dr Caelli currently serves on the Audit, Risk and Improvement Committee of one other council. She holds a Graduate Certificate in Business Administration and Graduate Certificate in Internal Auditing, as well as a Doctor of Philosophy in Community Medicine and Clinical Epidemiology.



Cr Marg Applebee
Non-voting Council delegate



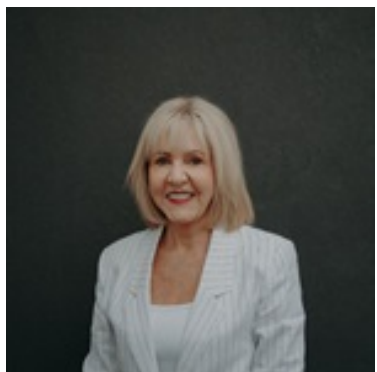
Councillor Marg Applebee was elected for her second term as Deputy Mayor at the Special Council Meeting held on 8 October 2024. Cr Applebee has served as Councillor since the 2021 elections and was an alternate non-voting Council delegate in her previous term.

After moving to Parkes in 1989 as a high school student, where she completed her secondary education and went on to study at Parkes TAFE, Marg has since completed studies in project management, event management and governance.

Cr Applebee has been fortunate to work in areas that she has had a passion for, including working with people with disabilities and the environment. She has served as a director on several boards over the past 15 years and is currently a Director for Currajong Disability Services.

Marg is also the Local Landcare Coordinator for Central West Lachlan Landcare (CWLL), overseeing regional and local projects.

Cr Joy Paddison
Alternate non-voting Council delegate



Cr Paddison moved to Parkes in 1981 to marry her husband, local man Garry Paddison. They have three adult children - Lisa, married to Craig O'Shannessy (grandparents to their children Milla and Finn) - along with Andrew and Megan.

A former owner of local business Ozfarm Services, Cr Paddison also holds qualifications in finance and business administration, NSW Government OHS, Business Leadership Mastery and Women in Business programs.

She is also a published children's book author, a registered civil celebrant, a Parkes M & D Society member, and a volunteer palliative care support worker.



3.5. Audit, Risk and Improvement Committee Roles and Responsibility

The Audit, Risk and Improvement Committee (ARIC) is an advisory committee that was established under section 428A of the Local Government Act 1993 that promotes good corporate governance and provides independent assurance and assistance to the General Manager and elected Council on:

- Compliance,
- Risk management,
- Fraud control,
- Financial management,
- Governance,
- Implementation of the Integrated Planning and Reporting (IP&R) framework,
- Service reviews,
- Collection of performance management data by Council, and
- Any other matters prescribed by legislation.

The ARIC meets at least four times each year.

Membership of the ARIC comprises three Independent Voting Members and one Non-Voting Councillor Delegate. The members are:

- Mr Stephen Horne (Independent Prequalified Voting Chair),
- Dr Meredith Caelli (Independent Voting Member),
- Mr Tony Harb (Independent Voting Member),
- Cr Marg Applebee (Councillor Delegate), and
- Cr Joy Paddison (Alternate Councillor Delegate).



4. Committee Report Card

Committee Charter	Compliance
Committee meetings	<p>5 meetings were attended in the 2024-2025.</p> <p>A quorum was maintained at every meeting.</p> <p>An invitation to attend meetings was extended to the General Manager and all managers who were subject to an audit review or required to present to the Committee.</p> <p>An invitation for attendance and items was also extended to the Internal and External Auditor before each meeting.</p>
Composition	<p>3 Independent Voting Members</p> <p>1 Non-Voting Councillor Delegate (plus an alternate)</p>
Skills and experience	<p>Committee members are diverse with strong local government, public and commercial experience.</p>
Functional separation	<p>ARIC has no executive powers but forms a key part of the governance for Council's Service Review Program and Strategic Assurance and Internal Audit Plan.</p>
Sufficient time allocated to tasks	<p>The meeting agenda allowed appropriate time to discuss compliance, risk management, fraud control, financial management, governance, implementation of the IP&R framework, service reviews, collection of performance management data by Council, and any other matters prescribed by legislation.</p> <p>Adequate time to review agendas and other materials was also provided.</p>
Consultation	<p>The Chair invited Directors and Managers to address audit reports. The General Manager, Director Customer, Corporate Services and Economy, Chief Financial Officer and Manager Governance, Risk and Corporate Performance attended meetings as advisors.</p>
Probity	<p>ARIC members provided a written annual declaration of any real or potential conflicts of interest. Conflicts are also examined at the commencement of each ARIC meeting, both for ARIC Members and attendees.</p>



Committee Charter	Compliance
Risk management	<p>The continuing development of the Enterprise Risk Management (ERM) framework, including planning, implementation, policy and procedures, were reported to the Committee over various milestones.</p> <p>This included the appointment of a Risk and Emergency Management Coordinator.</p>
Control framework	<p>Controls and policies and procedures were effectively reviewed through audit reports and briefings.</p>
External accountability	<p>The Committee provided input and feedback on the financial statements and control issues identified by the external auditor.</p>
Compliance	<p>Compliance with legislative requirements was considered (where relevant) in every audit included in the 3-year Strategic Assurance and Internal Plan.</p>
Internal audit	<p>The strategic assurance and Internal Audit Plan was delivered with 4 audits completed throughout the year.</p>
External audit	<p>Financial statements were reviewed for compliance with local government regulatory requirements and resolution of audit findings.</p> <p>In the 2024-2025 year the Draft Financial Statements were not reviewed by the Committee before they were submitted to the audit office with a process put in place for the 2025-2026 year.</p>
Service delivery	<p>Service reviews provided independent insight into Council's Service Review Program.</p> <p>This year's service review focussed on Council's core function of Childcare Services and identified several areas of improvement.</p>



5. Committee Induction

A Committee induction was held in July 2022 which was attended by the Chair, independent members, and Councillor delegates. The induction included a review of:

- The Parkes Shire
- Our Community
- About Council
- What we manage
- Our Councillors
- Committee Introductions, Role and Responsibilities
- Organisation and Workforce
- Audit, Risk and Improvement
- General Housekeeping Roles
- Code of Conduct Briefing (delivered by Sinc Solutions)

The Committee designed a report in May 2025 to receive briefings from throughout Council's core functions from 2025-2026 to increase the Committees ongoing understanding of the risks and controls throughout Council on an ongoing basis.



6. Internal Audit

Clause 6.4(e) of the Audit, Risk and Improvement Committee Charter provides that the Audit, Risk and Improvement Committee is responsible for reviewing Council's internal audit coverage and Internal Audit Plan and considering the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan. The Office of Local Government's Guidelines recommend councils develop a rolling 4-year plan of Internal Audit coverage, and review that plan annually to ensure it aligns with the organisation's risk profile.

Council had an existing contract with Lambourne Partners to provide internal audit services for a three-year period from 2023-24 to 2025-2026, commencing 1 February 2023 and concluding 30 June 2026. Lambourne Partners provided the Committee with a program review at the May meeting which included proposed audits for 2025-26 for the Committees consideration which would be in accordance with the strategic internal audit plan.

A total of five (5) internal audits were undertaken in 2024-25, including:

Internal Audit	Scope	Status
Contractors Volunteers and Working with Children	Operational review of the management of contractors and volunteers across Council. This included considering compliance requirements with Working with Children (including Council employees), confidentiality and work health and safety requirements.	Completed
Staff Attraction and Retention	Assessment of the Council's framework for the attraction and retention of staff. The scope considered, but was not limited to remuneration packages offered, employee benefits, training and development and alignment of Council with key industry bodies and educational institutions, to increase the opportunities for identifying potential future employees.	Completed
Plant and Fleet Management	A review of Council's management of machinery utilisation to assess its effectiveness and efficiency. This included a focus on accuracy in the capturing and recording of plant utilisation time, information available to Council, such as GPS data, charge-out rates and planning for the replacement of Plant and Fleet.	Completed
Sundry Income and Cash Handling	Review of Council's sundry income and cash handling process focusing on receipt and recognition of income sources, reconciliation and secure handling of cash takings and management reporting and monitoring of income sources. The audit also considered misappropriation of cash based income and failure to recognise all revenue from sundry sources.	Completed
Environmental Management Framework	Assessment of Council's current environmental management framework across multiple departments to ensure it meets requirements.	Progressing



7. Committee Areas of Focus and Priorities

The ARIC's scope reflects the revised requirements for ARICs developed by the Office of Local Government (OLG). The community likely is unaware that the role and scope of an ARIC in the NSW local government sector is the broadest for such committees in any sector, public or private, anywhere in the world. The ARIC's role and responsibilities are set out in its Charter, available on Council's website.

The ARIC is mindful that the OLG requirements include that from July 2024 Council will be required to provide formal attestations regarding adequacy of arrangements for:

- ARIC operations
- risk management, and
- Internal audit.

With this in mind, the ARIC Charter was the first and primary determinant of the focus and working of the ARIC. To enable the ARIC to meet its Charter responsibilities, a Strategic Workplan was then developed covering the term of the Council. This was the Committee's first task upon formation.

In developing our forward Workplan and focus, the ARIC was mindful of a number of specific key underlying risk factors for Council such, including:

- the criticality of access to water.
- the criticality of regional development initiatives to drive business and residential growth.
- the direct impact of climatic conditions (drought, flood, fire) on Council responsibilities, priorities and finances.
- a significant financial dependence on external sources of funding (such as grants).
- staff vacancy rates and market challenges to attract staff.
- the importance of technology to support innovation and improvement, and the accompanying challenges of growing cyber risks.
- a significant profile and reputational dependence on major events (such as the Elvis and ABBA festivals).

During this third year of operation, the ARIC's focus has been to:

- continue to support maturation of risk management across Council to support the systematic management of the risk vectors outlined above.
- provide guidance on financial management and financial sustainability.
- further explore cyber risk capabilities and vulnerabilities.
- generate momentum in the internal and audit program agreed actions.
- work closely with Council to examine contract management and human resource management.
- undertake a gap analysis against the OLG requirements which become mandatory from 1 July to ensure that all mandatory elements are compliance, and other suggested areas of best practice are examined and adopted as appropriate.
- oversee the completion of Council's post election year compliance requirements including updates to the Delegations register and review of several key Integrated Planning and Reporting Documents
- begin production of the next Strategic Plan for the Committee.



8. Meetings Held During 2024-25

Five (5) ARIC meetings were held throughout the 2024-25 financial year and were attended by:

- Committee members
- Non-voting Councillor delegate
- Internal Auditor
- External Auditor

Attendance per Meeting (1 July 2022 - 30 June 2023)				
24 July 2024	25 September 2024	27 November 2024	26 February 2025	28 May 2025
Chair				
Stephen Horne	Stephen Horne	Stephen Horne	Stephen Horne	Stephen Horne
Independent Members				
Tony Harb	Tony Harb	Tony Harb	Tony Harb	Tony Harb
Dr Meredith Caelli	Dr Meredith Caelli	Dr Meredith Caelli	Dr Meredith Caelli	Dr Meredith Caelli
Councillor Delegates				
Cr Jacob Cass	Cr Marg Applebee	Cr Marg Applebee	Cr Joy Paddison	Cr Marg Applebee
Cr Marg Applebee		Cr Joy Paddison		
Other Key Attendees				
Lambourne Partners	Lambourne Partners	Lambourne Partners	Lambourne Partners	Lambourne Partners
Paladin	Arlo	Audit Office	Audit Office	Audit Office
	Families at Work			



9. Audit, Risk and Improvement Committee Reports Review

Meeting Date	Number of Reports	Role and Responsibility
24 July 2024	11	Draft Enterprise Risk Management Plan Policies Gap Analysis - Guidelines for Risk Management and Internal Audit for Local Government in NSW Program Review with Internal Auditor Internal Audit - Progress Report Monthly Financials as at 30 June 2024 Investments & Borrowings Report as at 30 June 2024 Adopted Operational Plan and Budget 2024-25 Major Projects Update Chair's Report on Committee Performance Cyber Risk Incidents General Managers Update
25 September 2024	16	External Audit - Progress Report Internal Audit - Progress Report Work Health Safety Management System - ISO45001 Program Review with Internal Auditor Contractors, Volunteer Management and Working with Children Audit Final Report Staff Attraction and Retention Audit Final Report Audited Financial Statements for the year ended 30 June 2024 Investments & Borrowings Report as at 31 August 2024 Major Projects Update Integrated Planning and Reporting Program Update 2023-2024 Operational Plan Progress Report Service Review - Childcare DRAFT Corporate Performance Dashboard - Human Resources Draft Public Interest Disclosures Policy Cyber Security Policy, Framework and Incident Response Plan General Managers Update
27 November 2024	15	External Audit - Progress Report Internal Audit - Progress Report Program Review with Internal Auditor External Auditor - Presentation Review Risk Management Framework Major Projects Update Insurance Portfolio Review Delegations Register Review Monthly Financial Reports as at 31 October 2024 Quarterly Budget Review as at 30 September 2024 Investments & Borrowings Report as at 31 October 2024 Committee Dates for 2025 and Terms of Reference Draft Annual Report and State of the Shire Report General Managers Update Cyber Security Assurance and Incident report



Meeting Date	Number of Reports	Role and Responsibility
26 February 2025	21	External Audit - Progress Report Internal Audit - Progress Report Plant and Fleet Management Audit Final Report Program Review with Internal Auditor Final Management Letter 2024 from External Auditor Work Health Safety Management System Accreditation External Audit - Engagement Plan for 2024/2025 Major Projects Update Business Continuity Plan Update Enterprise Risk Management Plan and Roadmap Climate Controls - Floodplain Management Policy Register Review Fraud and Corruption Control Plan Monthly Financial Reports as at 31 January 2025 - 17 Quarterly Budget Review as at 31 December 2024 Investments & Borrowings Report as at 31 January 2025 2024-2025 Operational Plan Progress Report Progress Toward OLG Guidelines General Managers Update Cyber Security Implementation and Incident Report Information, Records and Privacy Management
28 May 2025	20	External Audit - Progress Report Internal Audit - Progress Report Program Review with Internal Auditor Sundry Income and Cash Handling Audit Final Report Integrated Planning and Reporting (IP&R) Update Workforce Management Strategy - Overview Corporate Performance Dashboard - Human Resources Risk Appetite Statement Legislative Compliance Framework Parkes Elvis Festival 2026 Major Projects Update Probity and Integrity Parkes Aquatic Facilities Tender Civic Risk Mutual 2025 Member, Risk and Claim forum Area Updates Review of Annual Meeting Plan Review of Committee Terms of Reference Quarterly Budget Review as at 31 March 2025 General Managers Update Cyber Security Implementation and Incident Report Information Management, Records and Privacy



10. Contact Information

For further information regarding the Audit, Risk and Improvement Committee 2024-25 Annual Report, please contact:

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