



NEW ENGLAND COUNTY COUNCIL
ABN 35 514 070 354

12 February 2023

NOTICE OF MEETING

An Ordinary Meeting of the New England County Council, is to be held in the offices of the New England Weeds Authority, **2/129 Rusden Street, Armidale NSW 2350** on:

Tuesday, 20 February 2024 at 1:00 pm

The meeting Agenda and Business Paper are attached.

Yours sincerely

A handwritten signature in black ink, appearing to read "Tim Weeks".

Tim Weeks
GENERAL MANAGER

**ORDINARY MEETING OF NEW ENGLAND COUNTY COUNCIL
HELD IN COUNCIL'S OFFICES ON 20 FEBRUARY 2024**

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CLOSE:

**ORDINARY MEETING OF NEW ENGLAND COUNTY COUNCIL
HELD IN COUNCIL'S OFFICES ON 20 FEBRUARY 2024**

ORDINARY MEETING BUSINESS PAPER

4. PRESENT

5. APOLOGIES

6. DECLARATION OF INTEREST

**4. MINUTES OF THE ORDINARY MEETING OF THE NEW ENGLAND
COUNTY COUNCIL HELD ON TUESDAY 21 NOVEMBER 2023**

Please click this link to view the [Minutes of the Ordinary Meeting](#) held on Tuesday 21 November 2023.

**5. MATTERS ARISING FROM MINUTES OF THE ORDINARY MEETING
OF NEW ENGLAND COUNTY COUNCIL HELD ON 21 NOVEMBER 2023**

6. GENERAL MANAGERS REPORTS:

**6.1 AUTHORISATION OF PROJECT OFFICER TO PREPARE FUNDING
APPLICATIONS**

Recommendation:

1. That NEWA's Project Officer shall be authorised by Council to prepare and submit funding applications for grant submissions.
2. In accordance with Council's Delegations, the General Manager may be required to review and co-sign such funding applications.

Background

From time to time, NEWA may wish to apply for grant funding for projects suited to the capabilities of the staff and equipment of the County Council. Certain funding submissions may require NEWA's Project Officer to be *authorised* to act on behalf of Council, to prepare a submission and lodge a funding application.

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Report

To simplify and to expedite the Project Manager's ability/authority to prepare, document and submit Funding Applications, without the need for Council to authorise submissions on a case-by-case basis, an over-arching authority is to be established.

The majority of Funding Applications require the development of a strategic plan to efficiently and effectively direct management actions to address degradation issues and improve the ecological health, weed eradication and regeneration across the NEWA LCA.

Most submissions require an assessment to be conducted and a report provided on environmental settings, fluvial processes, biophysical condition, weed control, regeneration and management regimes within the subject area.

Financial and Resource Implications

There are no financial implications linked to the preparation and submission of a funding application. If successful, an operation strategy will be developed within NEWA's existing capabilities, staffing and capital assets. NEWA will establish budgets, resourcing and other financial arrangements to undertake this work in accordance with the funding submission in order to provide information that allows the public and member Councils to understand the resource allocations.

Legal Implications

There are no legal implications other than compliance with the requirements of the grant submission and execution and compliance with the funding Deed.

Risk Implications

If Council adopts the Funding Deed and meets the requirements of that Plan, there are no risks identified.

Stakeholder Consultation

Other than as set out in the Funding Agreement and the need to review the Project Plan with member councils, there is no requirement for Stakeholder consultation.

Options

No option exists to the requirements set out under the Funding Submission Plan.

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Conclusions

All funding applications are consistent with NEWA's strategic framework, as set out in its Budget and Business Activity Strategic Plan.

Link to Policy and/or the Business Activity Strategic Plan

Funding submissions are consistent with NEWA's Strategic Activity Business Plan, Budget and LTFP.

Supporting Information and/or Attachments

None.

6.2 WEEDS ACTION PROGRAM – QUARTERLY REPORT - FEBRUARY

RECOMMENDATION:

That the Weeds Action Plan Report, summarising activities and outcomes to date, including the 2023-2024 Weeds Action Program, be received and noted.

The Weeds Action Plan Report, to February 2024, is set out in the attached document, titled [Weed Action Program \(WAP\) – 3rd Quarter](#).

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7. FINANCIAL REPORTS:

7.1 DRAFT 2022-2023 YEAR END AUDIT

Recommendation:

1. That Council note the status of the current audit of the draft Annual Financial Statements for the year ending 30 June 2023,
2. That Council note that an extraordinary meeting is likely to be required in order to meet the requirements of sec 618 of the Act for public presentation of audited accounts, and
3. That the Chair and Deputy Chair be authorised to re-sign the Statement by Councillors and Management, in the event they are requested to do so by the Auditor.

PURPOSE OF REPORT

This report provides Councillors with an update on the audit of the draft Annual Financial Statements for the year ending 30 June 2023.

REPORT

At its meeting on 15 August 2023, Council received a report on the completion of the draft Annual Financial Statements for year ending 30 June 2023 and authorised those statements to be referred to audit in accordance with sections 413 and 416 of the Local Government Act, 1993.

Council also received a further report at its meeting held on 21 November, which outlined the status of the audit process and issues raised by the Auditor, which had resulted in Council seeking an extension in the time for lodgement of audited statements with the OLG.

This report provides yet a further update in relation to the finalisation of the audit process and expected timeframe for lodgement with the OLG.

Current Status

At the meeting held on 21 November 2023, it was noted that Council had been granted an extension to 22 December 2023, in which to lodge its audited financial statements.

Efforts continued with the audit team to progress the audit process prior to Christmas, however the volume of audit queries and the extent of research required, given the elapsed timeframe for many of the events, was, and continues to be a challenge for resources on both sides. On 12 December 2023, following a joint assessment of the status of completion, Council received an email advice from Forsyths with the following content:

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I wanted to commence by saying we sincerely appreciate the efforts of your team to date during this particularly challenging financial year.

We acknowledge that the severity of the issues faced by Council have required significant additional time and effort from all stakeholders to work through to get into a position for management, councillors and the audit team to form an opinion and sign off on the financial statements.

We note your extension is through to the 22nd of December and that Tim is on leave from the 15th of December so we have ensured that we have prioritised reviewing the outstanding queries raised during the audit to date and as part of our year end procedures.

Unfortunately, based upon our review to identify what remains outstanding we are of the view that matters yet to be addressed are significant enough to have a potential impact upon the content of the statement of Councillors and management and/or our opinion.

This means that we consider there is a risk that Council will not be in a position to sign off the financial statements prior to the Christmas Closure.

On that basis, Council was obliged to submit a further request for extension to 28 February 2024, which was subsequently acknowledged and approved by the OLG.

I am pleased to advise that we appear to have broken the back of the process and reached the final stages of audit. A slightly [revised set of draft financials](#) is now with auditors for final review, and a copy is also presented for members as an attachment to this business paper.

I expect there will be some ongoing additional queries until the Audit Office of NSW issues its final reports, however, at this time we are very hopeful and confident that this will be achieved by the extended date of 28 February 2024.

The amended draft financial statements reveal an overall operating result of \$40,000 for the year ending 30 June 2023, a slight increase on the \$33,000 surplus shown in the original draft statements presented to Council on 15 August 2023.

Given the passage of time and the change in operating result, it *may* be a requirement of the Auditor that Council re-signs the Statement by Councillors and Management. This has not yet been advised by the Auditor, but I am anticipating it might. On that basis, I have made a recommendation to authorise the Statement to be re-signed in the event this becomes a requirement.

One of the notable challenges and indeed, frustrations, has simply been the timeframe for this process to play out, noting that the original drafts were presented to Council some six months ago.

Every effort needs to be made by Council and staff to ensure this delay does not occur again.

One additional matter is now brought to Council's attention. Pursuant to Sec 418 of the Local Government Act 1993, Council must present its audited financial statements to the public at a meeting not more than 5 weeks from the date the Auditor's final audit reports are received.

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This will require the convening of an extraordinary meeting by no later than 3 April 2024, assuming the final reports are received by 28 February 2024. The next ordinary meeting of Council is not scheduled until 16 April 2024, which means that waiting until that meeting to present the financials to the public, would not comply with the provisions of the Act.

A further verbal update will be provided at this meeting on progress towards completion.

7.2 COMMONWEALTH BANK LOAN [GUARANTEE]

Recommendation:

1. That Council accept the offer of loan funding as provided by the Commonwealth Bank of Australia.
2. That the General Manager and Chief Financial Officer be authorised to execute the loan documents provided by the Commonwealth Bank.
3. That Security Documentation be provided to each of the constituent councils for their execution.

Background

At its [Ordinary Meeting](#) in April 2020, NEWA's Council proposed the purchase of land in the Armidale AirSide Business Park, on which to construct a new Office and Depot facility. The cost to acquire land and to construct the new facility is to be funded using both accumulated reserves and loan funding. This approach was reflected in NEWA's [Long Term Financial Plan](#) (LTFP); and each year since 2021-2022. By regulation, County Councils are unable to borrow funds, with security for the loan to be provided in the form of a guarantee, required from each of the 4 constituent councils. The provision of such a guarantee, avoids the requirement for the constituent councils to each provide a cash injection.

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Report

In May 2021, NEWA submitted a [Development Application](#) (DA), based upon [Architectural Plans](#) detailing the proposed facility. A [Selective Tender](#) was issued in December 2022 and in February 2023, [NEWA resolved](#) to sign a [Fixed Price Construction Contract](#). A [Capital Expenditure](#) submission was provided to the Office of Local Government.

In accordance with NEWA's LTFPs and [Operational Plan](#), [by resolution of Council](#) negotiations were commenced with both T-Corp and the Commonwealth Bank. Following T-Corp's advice that they were unable, for 'regulatory reasons', to lend to a County Council, a loan agreement was finalised with the Commonwealth Bank (CBA) in September 2023.

It was the desire of NEWA's Council that the constituent councils *not be* required to provide a 'cash injection' *or* for their normal annual contributions to increase; in order to service/repay the loan. It has therefore been agreed with the CBA, that *security* for the loan to NEWA, can be provided in the form of guarantees from each constituent council and equalling, in aggregate, the total loan amount, being provided.

- [2021-2022 Operational Plan](#) (page 5)
- [DRAFT Loan documentation](#) provided by the Commonwealth Bank of Australia.

7.3

QUARTERLY BUSINESS REVIEW – DECEMBER 2023

Recommendation:

1. That Council endorse the changes detailed in the reports, and
2. That Council adopt the December 2023 Quarterly Budget Review.

The [Quarterly Budget Review](#) for December 2023 is set out in the attached documents:

- Quarterly Budget Review – 2023 – 2024 Q2- December 2023 Budget Review
- Quarterly Budget Review – 2023 – 2024 Q2 - Income & expense detail
- Quarterly Budget Review – 2023 – 2024 Q2 - Budget Review Summary
- Quarterly Budget Review – 2023 – 2024 Q2 - Capital Summary

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- Quarterly Budget Review – 2023 – 2024 Q2 - Cash and Investments

Click-on [this link](#) to view the Quarterly Business Review for December 2023.

7.4 INVESTMENT REPORT

At the time of this report, NEWA has no funds invested.

7.5 AUDIT RISK AND IMPROVEMENT COMMITTEE (ARIC)

Recommendation:

1. That Council establish a committee of 3 members, to negotiate the establishment of an Audit, Risk and Improvement Committee to be in place prior to 1 July 2024.
2. That the Committee (1. Above), meet with Uralla and Walcha Councils to identify potential independent members to join a NEWA ARIC committee.
3. That the proposed NEWA ARIC Committee comprise 3 members, including a Chair and that a NEWA councillor be appointed.

Background

The Local Government (General) Regulation 2021 sets out elements of the Guidelines requiring the establishment of an Audit, Risk and Improvement Committee (ARIC). Although in place since June 2022, the guidelines for Risk Management and Internal Audit came into force in early 2023, with County Council's required to comply with the Guidelines from **1 July 2024**. The purpose of the ARIC is to provide information and independent advice to the elected councillors to improve the Council's operations and will report from the 2024-2025 FY.

Report

Councils have been advised of the need to establish an Audit, Risk and Improvement Committee (ARIC) since 2022, however, NEWA is now required to appoint a committee and implement an ARIC by 1 July 2024. The creation of an ARIC will ensure councillors are better informed about how their councils are performing and have more oversight over decisions. Key elements of the regulated guidelines have been available since December 2023 and are attached.

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ARICs must meet at least quarterly. The [ARIC] chairperson decides the procedure for calling meetings and how the meetings are to be conducted. Under the Regulation amendments, voting members must be suitably qualified and independent of the council.

Councils may appoint one of their councillors (other than the mayor) as a non-voting member of their ARIC, to preserve the independence of the ARIC. Councils may also share ARIC members or make arrangements with neighbouring councils to have independent members.

NEWA's Council has held informal discussions to consider the 'sharing' of 3 independent members from the members of the Walcha/Uralla shared ARIC. *This is the favoured option for NEWA to establish an ARIC. In this way Council can reduce the costs of compliance by sharing independent ARIC members.*

The role of councillors is to relay to the ARIC any concerns the governing body may have regarding the operations of the council and issues being considered by the ARIC. They would also provide insights into local issues and the strategic priorities of the council.

The mayor, general manager and internal audit coordinator should attend ARIC meetings as non-voting observers.

Financial and Resource Implications

The 2024-2025 Budget will include the costs of the ARIC. The ARIC will meet and be paid annually, and their costs recorded in NEWA's operational reporting.

Legal Implications

The Local Government (General) Regulation 2021 sets out elements of the Guidelines requiring the establishment of an Audit, Risk and Improvement Committee (ARIC).

Risk Implications

Provided NEWA complies with the Local Government (General) Regulation, 2021 including the Guidelines requiring the establishment of an Audit, Risk and Improvement Committee (ARIC), there is no further risk identified.

Stakeholder Consultation

Stakeholder consultation is not required as the establishment of an ARIC is mandated by the Local Government (General) Regulation, 2021 including the related Guidelines requiring the establishment of an ARIC.

Options

There are no options, however, there is flexibility as to the source of independent members.

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Conclusions

It is proposed that the General Manager and Chief Financial Officer work to appoint members of an ARIC committee.

Link to Policy and/or the Business Activity Strategic Plan

The Local Government (General) Regulation 2021 sets out elements of the Guidelines requiring the establishment of an Audit, Risk and Improvement Committee (ARIC). NEWA as a County Council is required to comply with the Guidelines from 1 July 2024, and have an ARIC in place.

Supporting Information and/or Attachments

- [Guidelines - Risk Management & Internal Audit - 2023](#)
- [ARIC Model Internal Audit Charter](#)
- [ARIC Example of Risk Management Policy](#)
- [General Amendment – ARIC Regulation 2023](#)
- [Model Terms of Reference for ARIC](#)

8. MATTERS OF URGENCY – ANY OTHER BUSINESS

8.1 ADVICE TO COUNCIL

9. NEXT MEETING – 1:00pm, 16 April 2024

Please note future meetings:

16 April 2024
18 June 2024
20 August 2024

CLOSE: