

## 10.24.Audit, Risk and Improvement Committee - Independent Member Appointment

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**ENDORSED BY:** Shane Sullivan, Executive Manager Governance

**ATTACHMENTS:**

1. CONFIDENTIAL - Recommended Appointments [10.24.1 - 1 page]

**PURPOSE:**

The purpose of this report is for Council to determine the appointment of a third independent member to the Council's Audit, Risk and Improvement Committee.

**EXECUTIVE SUMMARY:**

At its meeting held 28 March 2022, Council resolved to call for Expression of Interest (EOI) for an additional independent member of the Audit, Risk and Improvement Committee.

Accordingly, Expressions of Interest were sought for the period from 5 September to 3 October 2022. Council received a total of 39 responses. The standard of applications were considered very high by the Interview Panel.

Six interviews were conducted on Monday, 24 October 2022 and the Interview Panel has now recommended appointment to Council (and an eligibility list) as set out in the confidential attachment.

Should Council wish to discuss this report it is noted that the attached confidential document includes personnel matters that relate to the employment conditions of specific individuals. It is noted that this item does not deal with personnel matters of a group but is specific to an individual/individuals and as such should be considered in closed session.

**FINANCIAL IMPLICATIONS:**

At its meeting held 28 March 2022, Council resolved the following transitional remuneration for the Independent Committee members:

	<b>Current</b>	<b>2022/23</b>	<b>2023/24</b>
Chair/annum	\$ 5,000.00	\$ 10,606.50	\$ 16,213.00
(Chair/meeting x 5)	\$ 1,000.00	\$ 2,121.30	\$ 3,242.60
Member/annum	\$ 3,750.00	\$ 5,927.50	\$ 8,105.00
(Member/meeting x 5)	\$ 750.00	\$ 1,185.50	\$ 1,621.00
<b>Total Cost (five meetings)</b>	<b>\$ 8,750.00</b>	<b>\$ 16,534.00</b>	<b>\$ 24,318.00</b>

All applicants were advised of the remuneration structure as part of the advertising process. It was confirmed prior to interview.

**RECOMMENDATION:**

**1. THAT** Council appoint the identified preferred candidate as set out in the confidential attachment as an independent member of the North Sydney Council Audit, Risk and Improvement Committee for a four year term being from 1 January 2022 to 31 December 2025.

**2. THAT** Council endorse the eligibility list as set out in the confidential attachment and hold the details of these candidates for a period of 18 months.

**3. THAT** Council resolves that the identified attachment to this report is to be treated as confidential in accordance with section 11(3) of the Local Government Act for the following reason under section 10A(2) of the Local Government Act:

*(a) personnel matters concerning particular individuals (other than Councillors)*

## **LINK TO COMMUNITY STRATEGIC PLAN**

The relationship with the Community Strategic Plan is as follows:

### **5. Our Civic Leadership**

#### **5.1 Lead North Sydney's strategic direction**

## **BACKGROUND**

Under section 428A of the Local Government, a council must appoint an Audit, Risk and Improvement Committee (ARIC) which must keep under review the following aspects of council's operations:

- Compliance
- Risk management
- Fraud control
- Financial management
- Governance
- Implementation of the strategic plan, delivery program and strategies
- Service reviews
- Collection of performance measurement data by the council
- Any other matters prescribed by the regulations

The ARIC is also to provide information to the council for the purpose of improving the council's performance of its functions.

In late 2021 the Office of Local Government issued draft Guidelines for Risk Management and Internal Audit Framework for Local Councils (the draft Guidelines) seeking submissions before 26 November 2021. The draft Guidelines will be made under a Regulation and Council will be required to comply with them when establishing and operating their ARICs, risk management framework and internal audit functions.

The draft Guidelines are available here:

<https://www.olg.nsw.gov.au/councils/governance/risk-management-audit-and-internal-controls/risk-management-and-internal-audit-framework-for-local-councils-in-nsw/>

The current membership of the ARIC is:

- Mr Brian Hrnjak (independent member – Chair) appointed for the period to 31 December 2024
- Mr Ron Switzer (independent member) appointed for the period to 31 December 2023
- Councillor Santer (Deputy Mayor)
- Councillor Beregi

## CONSULTATION REQUIREMENTS

Community engagement is not required.

### DETAIL

The independent members of the Committee, taken collectively, should have a broad range of personal qualities, skills and experience relevant to the operations of North Sydney Council.

Desirable skills and expertise identified include finance/accounting, legal, governance, risk management, information and technology (IT), and business management.

The following criteria were considered in relation to skills and experience when assessing applications (in accordance with skills matrix):

- Relevant professional qualifications,
- Relevant professional knowledge and expertise,
- Understanding of/experience in local government,
- Understanding of/experience in the role of corporate governance, and
- Current/prior experience on similar committees.

The selection process also had regard to ensuring a spread of skills and experience across the Committee. A short list of applicants was created by the panel members.

Six interviews were conducted via Zoom on 24 October 2022.

The evaluation process involved a declaration of no conflict of interest, or disclosure if there are any, to ensure that the selection process was fair.

The interview panel consisted of:

Brian Hrnjak (Independent Chair, ARIC)  
Robert Emerson (Acting General Manager)  
Margaret Palmer (Director Corporate Services)

Shane Sullivan (Executive Manager Governance) was also present for administrative purposes

The panel makes the recommendation to Council for the position of Independent Member as set out in the confidential attachment.

While all interviewed applicants were capable of participating in the Audit, Risk and Improvement Committee, it was considered by the panel that the preferred applicant demonstrated skills and experience that best suited the Committee in its current form. The preferred applicant had broad skills and experience across local government, audit and risk. The applicant also demonstrated a strong understanding of the capacity for the Committee to drive a focus on improvement.

Interviewed applicants were asked their willingness and ability to be considered on an eligibility list to be maintained for 18 months. Applicants agreed to this, and the panel recommends the eligibility list as provided in the confidential attachment.

The panel was greatly impressed with the quality of the interviewed candidates and extends its thanks to them for making the time to participate.

The applications for the short-listed candidates have been made available to Councillors on a confidential basis.