

## 9.2. Audit Risk and Improvement Committee Minutes - 28 April 2023

<b>AUTHOR</b>	Ian Curry, Manager Council & Committee Services
<b>ENDORSED BY</b>	Shane Sullivan, Acting Director Corporate Support
<b>ATTACHMENTS</b>	1. 28 April ARIC Minutes [9.2.1 - 11 pages]
<b>CSP LINK</b>	5. Our Civic Leadership 5.2 Strong civic leadership and customer focussed services

### **PURPOSE:**

The purpose of this report is to enable Council to consider the Minutes of this Committee as required under the Audit, Risk and Improvement Committee Charter.

### **EXECUTIVE SUMMARY:**

- This report presents the recommendations of the last meeting of the Audit, Risk and Improvement Committee held on 28 April 2023 for Council adoption. The minutes are attached for information.
- There are no items from the meeting for Council determination.

### **RECOMMENDATION:**

**1. THAT** the Minutes of the Audit, Risk and Improvement Committee meeting held on 28 April 2023 be adopted in accordance with the Audit, Risk and Improvement Committee Charter.

## **Background**

In accordance with the Audit, Risk & Improvement Committee Charter:

*7. REPORTING The endorsed Minutes of the Committee Meetings will be submitted to the next available Council meeting for adoption subject to any confidentiality requirements of specific items.*

## **Report**

The minutes of the 28 April 2023 meeting have been endorsed by the Chair and will be reported to the next Committee meeting. These minutes are attached and provided to Council in accordance with the Audit, Risk and Improvement Committee Charter.

## **Consultation requirements**

Community engagement is not required.

## **Financial/Resource Implications**

There are no financial implications to this report.

## **Legislation**

Under section 428A of the *Local Government Act 1993*, all councils (including county councils) and joint organisations are required to have an ARIC or to have entered into an arrangement with another council or joint organisation to share an ARIC from 4 June 2022. Council is compliant with this requirement.



## MINUTES

The Minutes of the **Audit, Risk & Improvement Committee Meeting** held in the Supper Room of North Sydney Council Chambers, 200 Miller Street, North Sydney at 10.00am Friday 28 April 2023.



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## 1. Opening Meeting

At the commencement of business at 10.06am those present were:

Chair and Independent Member: Brian Hrnjak  
Councillor Members: Councillors Beregi and Santer  
Independent Members : Ron Switzer and Rhonda Wheatley (remote)

Head of Internal Audit: Susan Leahy

Staff members:

- Therese Manns (General Manager),
- Christian Menday (Manager Financial Services), and
- Shane Sullivan (Acting Director Corporate Support).

The following people attended remotely for the following items:

- Karen Taylor, NSW Audit Office
- Jarrod Lean, Grant Thornton for item 5.4: Project Management Internal Audit Report

The meeting was opened by the Chair.

The Chair gave the Acknowledgement of Country.

## 2. Apologies

Alex Hardy, Prosperity Partners indicated his inability to attend the Committee meeting on 28 April 2023.

## 3. Disclosures of Interest

There were no declarations of interest

## 4. Confirmation of Minutes

The Motion was moved by Ron Switzer and seconded by Councillor Santer.

### **RESOLVED:**

**THAT** the Minutes of the previous meeting held 3 February 2023 were taken as read and confirmed with the following amendments:

- Item 5.2 - Internal Audit Status Report:

**THAT** the Plant and Fleet Audit be deferred as agreed by the Committee.

- Item 5.3 - Internal Audit Recommendations Status Report:

**THAT** it be noted that the Director City Strategy attended the meeting for the purpose of providing updates on audit actions

- Item 5.6 - Guidelines - Risk Management and Internal Audit for local councils in NSW (Office of Local Government):

**THAT** the Committee noted the OLG position on the payment of superannuation to Independent Committee members and that this be referred to the General Manager for determination

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley

**Against:** Nil

**Absent:** Nil

## 5. Reports

### 5.1. End of Year Financial Statements - Engagement Plan and Project Plan

<b>AUTHOR</b>	Christian Menday, Manager Financial Services
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#### **PURPOSE:**

- On 21 March 2023, Council received the attached engagement plan for the Audit of the North Sydney Council for the year ending 30 June 2023. Representatives from the NSW Audit Office will be present in accordance with the Engagement Plan to present to the Committee.
- In response to and to support delivery against, the Engagement Plan Council has developed a project plan for the Financial Statements. The project plan is based on guidance from the Australian Government Department of Finance Financial Statements Better Practice Guide 2022. Council has not previously had a project plan documented.
- The high-level aspects of this project plan are attached for the information of the Committee.

#### **RECOMMENDATION:**

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**1. THAT** the Audit, Risk and Improvement Committee note the attached engagement plan for the Audit for the year ending 30 June 2023 in accordance with part 6.6 of the Committee Charter.

**2. THAT** the Audit, Risk and Improvement Committee note the project plan being developed to deliver against the Engagement Plan.

Karen Taylor (NSW Audit Office) and Christian Menday updated the Committee on this item.

The Motion was moved by Rhonda Wheatley and seconded by Ron Switzer.

The Motion was put and **Carried**.

**RESOLVED:**

**1. THAT** the Audit, Risk and Improvement Committee note the attached engagement plan for the Audit for the year ending 30 June 2023 in accordance with part 6.6 of the Committee Charter.

**2. THAT** the Audit, Risk and Improvement Committee note the project plan being developed to deliver against the Engagement Plan and that it be reported to the next Committee meeting.

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley

**Against:** Nil

**Absent:** Nil

## 5.2. Internal Audit Status Report

<b>AUTHOR</b>	Susan Leahy, Head of Internal Audit
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**PURPOSE:**

- An internal audit of project management was completed by Grant Thornton and is reported on separately.
- The plant and fleet management was deferred until June 2023.
- An audit of leisure facilities remains on the plan.
- Planning is commencing across the shared service for presentation at their June ARICs.
- The report outlines responses to the specific responsibilities that come under the Internal Audit area of responsibility

**RECOMMENDATION:**

**1.THAT** the report be received and noted with respect to the 2022-23 internal audit plan. The Motion was moved by Councillor Santer and seconded by Councillor Beregi.

The Motion was put and **Carried**.

**RESOLVED:**

**1.THAT** the report be received and noted with respect to the 2022-23 internal audit plan noting the following:

- the Leisure Facilities audit will be deferred to later in a future plan as agreed by the Committee.

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley

**Against:** Nil

**Absent:** Nil

**5.3. Internal Audit Recommendations Status Report**

<b>AUTHOR</b>	Susan Leahy, Head of Internal Audit
<b>ATTACHMENTS</b>	1. Outstanding Internal Audit Recommendations 2. Cyber Security Recommendations Report
<b>CSP LINK</b>	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

**PURPOSE:**

- Thirteen existing internal audit recommendations were carried forward since last reported on in February 2023.
- There were an additional three recommendations arising from the rates audit bringing the total reported on to 16.
- Updates are provided in the attached spreadsheet (Attachment 1). In addition, there were 22 cyber security recommendations that are carried forward.
- Thirteen existing internal audit recommendations were carried forward since last reported on in February 2023. There were an additional three recommendations



arising from the rates audit bringing the total reported on to sixteen (16). In addition, there were 22 cyber security recommendations that are carried forward.

**RECOMMENDATION:**

**1. THAT** the Audit, Risk and Improvement Committee receive and note the status of past internal audit recommendations.

The Motion was moved by Ron Switzer and seconded by Councillor Santer.

The Motion was put and **Carried**.

**RESOLVED:**

**1. THAT** the Audit, Risk and Improvement Committee receive and note the status of past internal audit recommendations.

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley

**Against:** Nil

**Absent:** Nil

#### 5.4. Project Management Internal Audit Report

<b>AUTHOR</b>	Susan Leahy, Head of Internal Audit
<b>ATTACHMENTS</b>	Internal Audit Report- Project Management
<b>CSP LINK</b>	5. Our Civic Leadership 5.1 Lead North Sydney's strategic direction

**PURPOSE:**

- This audit was completed by Grant Thornton as part of the 2022/23 Internal Audit plan. Three moderate and three low risk recommendations were made with respect to:
  1. project management framework
  2. monitoring and reporting
  3. records management
  4. internal asset handover process
  5. project evaluation
  6. project management training

**RECOMMENDATION:**

**1. THAT** the Audit, Risk and Improvement Committee receive and note the project management internal audit report.

This item was brought forward by the Committee.

Jarrold Lean was present from Grant Thornton for this item.

The Motion was moved by Councillor Beregi and seconded by Ron Switzer.

The Motion was put and **Carried**.

**RESOLVED:**

**1. THAT** the Audit, Risk and Improvement Committee receive and note the project management internal audit report.

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley

**Against:** Nil

**Absent:** Nil

## 5.5. Annual Budget

<b>AUTHOR</b>	Christian Menday, Manager Financial Services
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**PURPOSE:**

- The Draft Budget 2023/24 forecasts a deficit result of \$2.0 million indicating a financially constrained operating environment. This result is significantly affected by a non-recurrent affordable housing operational project at 287 Miller Street (\$2.2 million) and ongoing changes brought on by COVID that continue to constrain income streams such as parking fees.
- The Draft Capital Works Program for 2023/24 is \$79.4 million, including \$43.5 million to complete the multi-year North Sydney Olympic Pool Construction.
- The Amended Resourcing Strategy 2022-2032 (Long Term Financial Plan component) will be updated to reflect Council's financial position and outlook. It will provide for funding for the North Sydney Olympic Pool Project.

**RECOMMENDATION:**

**1. THAT** the Audit, Risk and Improvement Committee note the Draft Operational Plan and Budget 2023/24

The Motion was moved by Rhonda Wheatley and seconded by Councillor Santer.

The Motion was put and **Carried**.

**RESOLVED:**

**1. THAT** the Audit, Risk and Improvement Committee note the Draft Operational Plan and Budget 2023/24

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley

**Against:** Nil

**Absent:** Nil

## 5.6. North Sydney Olympic Pool - Major Projects Update

<b>AUTHOR</b>	Shane Sullivan, Acting Director Corporate Services
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### PURPOSE:

- In response to one of the findings from the PriceWaterhouseCoopers Independent Review, Council undertook Risk Management workshops with Marsh McLennan. As a result of those workshops, a new risk management monitoring and reporting system was developed and implemented. The risk report provided by Marsh McLennan is attached.
- Council engaged O'Connor Marsden in 2022 to provide probity overview of the project and provide advice to the Steering Committee as appropriate. They were also engaged to provide regular reports to this Committee. The report for the period 8 November 2022 to 18 April 2023 is included in this report.
- Following the Independent Review by PWC, Council has undertaken a number of actions in response to the recommendations. A report was provided to the Council Meeting of 26 April 2023 providing an update on the actions and the forecasting in terms of cost and time: <https://www.northsydney.nsw.gov.au/ecm/download/document-10421217>

### RECOMMENDATION:

**1. THAT** the Audit, Risk and Improvement Committee note the North Sydney Olympic Pool Major Projects Update Report and attachments.

The Motion was moved by Ron Switzer and seconded by Councillor Beregi.

The Motion was put and **Carried**.

### RESOLVED:

**1. THAT** the Audit, Risk and Improvement Committee note the North Sydney Olympic Pool Major Projects Update Report and attachments.

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley  
**Against:** Nil  
**Absent:** Nil

## 5.7. Compliance and Risk Management - General Update

<b>AUTHOR</b>	Shane Sullivan, Acting Director Corporate Services
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### PURPOSE:

- There are no instances of fraud or possible illegal acts to report to the Committee.
- There are no findings of any examinations by regulatory agencies to report to the Committee.
- Attached for the information of the Committee, is the Enterprise Risk Management report provided to the Executive Leadership Team in April 2023.

### RECOMMENDATION:

**1. THAT** the Audit, Risk and Improvement Committee note the Compliance and Risk Management General Update.

The Motion was moved by Councillor Santer and seconded by Ron Switzer.

The Motion was put and **Carried**.

### RESOLVED:

**1. THAT** the Audit, Risk and Improvement Committee note the Compliance and Risk Management General Update.

Voting was as follows:

For/Against 5 / 0

**For:** Councillor Beregi, Brian Hrnjak, Councillor Santer, Ron Switzer and Rhonda Wheatley  
**Against:** Nil  
**Absent:** Nil

### GENERAL BUSINESS

The General Manager gave the Committee a verbal update on the recruitment for the roles of General Counsel and Directors and the process undertaken, including the transitional arrangements agreed.

The General Manager gave the Committee a verbal update on resourcing within the Finance team and upcoming changes.

The General Manager gave the Committee a verbal update on the implementation of a fortnightly survey which has been rolled out to staff.

## **6. Closure**

The meeting concluded at 12.05pm.