

## 9.1. Audit, Risk, and Improvement Committee Minutes - 26 July and 11 October 2024

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<b>ENDORSED BY</b>	Luke Harvey, Director Corporate Services
<b>ATTACHMENTS</b>	1. ARIC Minutes 26 July 2024 [9.1.1 - 7 pages] 2. ARIC Minutes 11 October 2024 [9.1.2 - 4 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 Terms of Reference.

### EXECUTIVE SUMMARY:

- This report presents the decisions of the meetings of the Audit, Risk and Improvement Committee held on 26 July and 11 October 2024 for Council adoption. The Minutes are attached for information.

### RECOMMENDATION:

**1.THAT** the Minutes of the Audit, Risk, and Improvement Committee meetings held on 26 July and 11 October 2024 be endorsed.

## **Background**

In accordance with the Audit, Risk & Improvement Committee Terms of Reference:

*11. ADMINISTRATIVE ARRANGEMENTS: Each committee meeting is to be minuted to preserve a record of the issues considered and the actions and decisions taken by the committee*

## **Report**

The Minutes of the 26 July 2024 meetings have been endorsed by the Committee Chair and were reported to the October Committee meeting.

The Minutes of the 11 October 2024 meetings have been endorsed by the Committee Chair and will be reported to the next Committee meeting.

These minutes are attached and provided to Council for information.

## **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 on Friday 26 July 2024.



<b>1. Opening Meeting .....</b>	<b>3</b>
<b>2. Apologies .....</b>	<b>3</b>
<b>3. Disclosures of Interest.....</b>	<b>3</b>
<b>4. Confirmation of Minutes .....</b>	<b>3</b>
<b>5. CEO Update.....</b>	<b>3</b>
<b>6. Action List .....</b>	<b>3</b>
<b>7. Reports .....</b>	<b>4</b>
7.1. Internal Audit Reports.....	4
7.2. Internal Audit Plan and Status Report June 2024.....	4
7.3. Internal Audit Outstanding Recommendations Status Report - July 2024.....	4
7.4. Update on general compliance issue - Superannuation payment on public holidays....	5
7.5. Risk Department report .....	5
7.6. Cyber Security Update .....	6
7.7. North Sydney Olympic Pool Redevelopment Update .....	6
7.8. Management letter on the interim phase of the external audit .....	6
<b>9. Closure.....</b>	<b>7</b>

## 1. Opening Meeting

At the commencement of business (10.02am) those present were:

- Chair and Independent Member Carl Millington and Independent Member Russel Burton
- Independent Member Rhonda Wheatley (remotely)
- Councillor Beregi
- Head of Internal Audit, Internal Audit Shared Services Northern Sydney Regional Organisation of Councils, Mohua Mukherjee
- Director - Financial Audit, Audit Office of NSW, Karen Taylor (item 7.7 only)
- Staff members Therese Cole (CEO), Luke Harvey (Director Corporate Services), Aigul Utegenova (CFO), Ian Robertson (Service Unit Manager Corporate Governance), Michael Beard (Chief Information Officer) and Ian Curry (Minutes).
- Penelope Corkill from Centium (item 7.1 only)

## 2. Apologies

There were no apologies.

## 3. Disclosures of Interest

The Chair requested that any Disclosures of Interest be provided to the Director Corporate Services prior to the next Committee meeting.

The Service Unit Manager Corporate Governance agreed to send applicable disclosure of interests forms to all members prior to the next meeting.

## 4. Confirmation of Minutes

**AGREED:** that the Minutes of the Audit, Risk and Improvement Committee meeting held on Friday 14 June 2024 be taken as read and confirmed as a true record of the meeting.

## 5. CEO Update

The Director Corporate Services provided an update on behalf of the CEO, who would join the meeting later. Matters included:

- Completion of Service Unit Manager recruitment'
- Progress with the Community Strategic Plan
- Council's governance strategy, which will be presented to the next ARIC meeting
- Council's budget deficit and related options
- Update on NSOP

## 6. Action List

This will be circulated separately

## **7. Reports**

### **7.1. Internal Audit Reports**

The Head of Internal Audit provided the Committee with an update on completed audit reports since the previous ARIC meeting.

Penelope Corkill from Centium addressed the Committee on the completed Senior Executives and Service Unit Managers Recruitment audit report.

Committee discussion points:

- This report completes the Internal Audit program for the year
- Academic and other credentials are verified for senior staff. Mr Harvey will provide feedback on whether this is done for all staff
- Working with Children Checks should be completed for all volunteers working at community events

#### **AGREED**

**THAT** the Audit, Risk and Improvement Committee receive and note the internal audit report on Senior Executive and Service Unit Manager Recruitment.

### **7.2. Internal Audit Plan and Status Report June 2024**

The Head of Internal Audit provided an update on the status of the Internal Audit plan, resources and activities of the internal audit function.

Committee discussion points:

- A request that the names of external audit providers be provided in the status report
- Information can be circulated to the Committee members between meetings

#### **AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee receive and note this report.

### **7.3. Internal Audit Outstanding Recommendations Status Report - July 2024**

The Head of Internal Audit provided an update on the progress of actions related to previous internal audit recommendations.

Committee discussion points:

- A request for the open action items to be tabled at ELT

- The amount of time taken to address Audit issues needs explanation and the urgency of such items need to be addressed.

**AGREED:**

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

#### **7.4. Update on general compliance issue - Superannuation payment on public holidays**

The Chief Financial Officer updated the Committee on general compliance issues raised at the last meeting, and related to the payment of superannuation when Council staff work on public holidays.

Committee discussion points:

- Resolution of this matter will be an additional financial cost for Council in the 2023/24 FY
- Calculation of the nominal interest amount and beneficial owner of that interest.
- The Chief Financial Officer to review and report on the nature of the interest.

**AGREED:**

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

#### **7.5. Risk Department report**

The Service Unit Manager Corporate Governance provided an overview of the risk management framework at North Sydney Council.

Committee discussion points:

- All identified risks for NSC should be included in reports to ARIC
- NSCs Risk Management Framework should incorporate a risk management policy based on consideration of the example OLG Risk Management Policy
- Council's Risk Coordinator noted the difference in risk management maturity between strategic risks (poor) and operation risk (good)
- The need to manage risk by reference to Council's risk appetite statement and agreed tolerances
- ELT should review the Risk Management Register on a regular basis
- The importance of all employees understanding that everyone at NSC is responsible for risk management.
- RMF shows a lot of future intentions, but needs more focus on current actions to address risks.
- Major projects such as NSOP should be included in the Risk Register along with relevant risk mitigation strategies

- Training for NSC staff in Public Interest Disclosures. Council to consider whether ARIC members should receive training in Public Interest Disclosures.

**AGREED:**

**THAT** the Audit, Risk and Improvement Committee note the Risk Department report.

## **7.6. Cyber Security Update**

The Chief Information Officer provided a presentation on the current state of cyber security at North Sydney Council.

Committee discussion points:

- The impact of the CrowdStrike software failure in Council operations
- Number of privileged users have been reduced
- Responsibility for user training and attack simulation completion should lie with ELT, not People and Culture
- Testing – process for addressing risks
- Frequency of changing passwords, currently every 3 months

**AGREED:**

**THAT** the Cyber Security update presentation provided to the Audit, Risk and Improvement Committee be received.

## **7.7. North Sydney Olympic Pool Redevelopment Update**

*This item was considered after Item 7.8*

## **7.8. Management letter on the interim phase of the external audit**

The Director - Financial Audit, Audit Office of NSW updated the Committee on contents of the Management letter on the Interim Phase of the Audit for the year ending 30 June 2024.

Committee discussion points:

- Confirmation that there will be a final management letter and closing report

**AGREED:**

**THAT** the Audit, Risk and Improvement Committee note the contents of the Audit Office of New South Wales Interim Management Letter.

*Prior to consideration of the next Item, all staff except the CEO, CFO and Manager Governance left the meeting*

## **7.7. North Sydney Olympic Pool Redevelopment Update**

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The CEO provided a confidential briefing to the Committee on the NSOP project

Rhonda Wheatley retired from the meeting at 1.30pm

**AGREED:**

**THAT** the Audit, Risk and Improvement Committee note the contents of this report.

**9. Closure**

The meeting closed at 1.45pm



## MINUTES

The Minutes of the **Audit, Risk & Improvement Committee Meeting** held in the Ros Crichton Pavilion of North Sydney Council Chambers, 200 Miller Street, North Sydney at 10.00am Friday 11 October 2024.



**Table of Contents**

**0.2. Table of Contents ..... 2**

**1. Opening Meeting ..... 3**

**2. Apologies ..... 3**

**2. Apologies ..... 3**

**3. Disclosures of Interest..... 3**

**4. Confirmation of Minutes ..... 3**

**5. Reports ..... 3**

*5.1. Draft Financial Statements for the Year Ended 30 June 2024.....3*

**9. Closure..... 4**

## 1. Opening Meeting

## 2. Apologies

At the commencement of business (10.05am) those present were:

- Chair and Independent Member Carl Millington
- Independent Members Russel Burton and Rhonda Wheatley (remotely)
- Councillor Beregi
- Councillor Welch (observer)
- Head of Internal Audit, Internal Audit Shared Services Northern Sydney Regional Organisation of Councils, Mohua Mukherjee
- Director - Financial Audit, Audit Office of NSW, Karen Taylor
- Staff members Luke Harvey (Director Corporate Services), Aigul Utegenova (CFO), Ian Robertson (Service Unit Manager Corporate Governance), Christian Menday (Manager Financial Services) and Ian Curry (Minutes).

## 2. Apologies

An apology was received from Therese Cole (CEO)

## 3. Disclosures of Interest

There were no Declarations of Interest.

## 4. Confirmation of Minutes

**AGREED:** that the Minutes of the Audit, Risk and Improvement Committee meeting held on Friday 26 July 2024 be taken as read and confirmed as a true record of the meeting.

## 5. Reports

### 5.1. Draft Financial Statements for the Year Ended 30 June 2024

The Director - Financial Audit, Audit Office of NSW updated the Committee on contents of the Final Management letter on the Audit for the year ending 30 June 2024.

Committee discussion points:

- The Audit Management letter will be sent to the Chair and Council to forward to the Committee
- An invitation will be issued by the Chair to the newly appointed Auditor-General of the Audit Office of NSW to attend a meeting of the Audit Risk and Improvement Committee

- Audit completion issues include one bank confirmation outstanding
- Non specialised buildings and service concession assets are the same and have been adjusted
- AASB13 training will be completed in February/March 2025 **(Action Point)**
- No comments from Mayor or CEO on the conduct of the Audit

The Chief Financial Officer provided a briefing on the financial statements.

Committee discussion points:

- Annual statements should be reviewed in detail by the Committee before going to Council, for next FY this will be considered in conjunction with the workplan
- An in camera meeting between the Committee and the Auditor will be held in future
- A complete strategic overhaul of Council's finances is urgently required to ensure the ongoing viability of the Council
- An update on the financial strategy will be provided to the next Committee meeting
- The cash liquidity of the organisation is extremely important, and will require close review and control
- The Committee will give strong advice to Council in accordance with its obligations under the Terms of Reference
- Once complete, the approach to the valuation of NSOP could provide a different outcome to depreciation, which would require confirmation that the approach is acceptable to the Audit Office

**AGREED**

**1.** THAT the draft Financial Statements for the Year Ended 30 June 2024 be considered by the Committee.

**2.** THAT the newly appointed Auditor-General be invited to attend a future meeting of the Committee.

**9. Closure**

The meeting closed at 10.49am