

**Report to General Manager**

Attachments:

1. Minutes - 8 October 2019

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**SUBJECT:** Audit, Risk and Improvement Committee Minutes - 8 October 2019**AUTHOR:** Melissa Dunlop, Governance Co-ordinator**ENDORSED BY:** Margaret Palmer, Director Corporate Services**EXECUTIVE SUMMARY:**

This report presents the recommendations of the meeting of the Audit, Risk and Improvement Committee (ARIC) held on 8 October 2019 for Council adoption. The Minutes are attached for information.

**FINANCIAL IMPLICATIONS:**

Council has allocated \$87,125 in the 2019/20 budget for external audit functions - nil expended to date. Council has allocated \$98,270 in the 2019/20 budget for the internal audit program - \$1,000 has been expended to date.

**RECOMMENDATION:**

- 1. THAT** the status of past internal audit recommendations be received and noted. (AR01)
  - 2. THAT** this report and the status of the Internal Audit Plan be received and noted. (AR02)
  - 3. THAT** the Office of Local Government discussion paper on the new risk management and internal audit framework is communicated further with all stakeholders to form a view on whether to collate a combined response on behalf of the shared service before submissions close on 31 December 2019. (AR02)
  - 4. THAT** the Internal Audit Report of Business Continuity Management be received and noted. (AR03)
  - 5. THAT** the 2019 Draft Audited Financial Statements be received and noted. (AR04)
  - 6. THAT** the North Sydney Engagement Closing Report 2019 be received and noted. (AR05)
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## **LINK TO COMMUNITY STRATEGIC PLAN**

The relationship with the Community Strategic Plan is as follows:

Direction: 5. Our Civic Leadership

Outcome: 5.2 Council is well governed and customer focused

## **BACKGROUND**

In accordance with Council's Code of Meeting Practice:

*20.24 The minutes of meetings of each Committee of the Council must be confirmed at a subsequent meeting of the committee.*

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.*

## **CONSULTATION REQUIREMENTS**

Community engagement is not required.

## **SUSTAINABILITY STATEMENT**

The sustainability implications are of a minor nature and as such did not warrant a detailed assessment.

## **DETAIL**

This report presents the recommendations of the meeting of the Audit, Risk and Improvement Committee held on 8 October 2019 for Council adoption. The Minutes are attached for information.

The following summarises the 'Actions for Future Meetings' arising from the reports as discussed and adopted at the meeting:

- Focus on Internal Audit Planning for 2019/20 at next meeting on 8 November 2019.
  - Progress report to the Committee prior to the end of the financial year in relation to Council's compliance with the change to Australian Accounting Standards.
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**NORTH SYDNEY COUNCIL****REPORT OF AUDIT, RISK & IMPROVEMENT COMMITTEE**

**SUBJECT: PROCEEDINGS OF COMMITTEE AT MEETING HELD IN THE CONFERENCE ROOM AT THE COUNCIL CHAMBERS, NORTH SYDNEY, ON TUESDAY, 8 OCTOBER 2019 AT 10.00AM.**

**PRESENT**

Brian Hrnjak, Independent Member (Chairperson)  
Councillor Mutton

**Council Staff:**

Ken Gouldthorp	General Manager
Margaret Palmer	Director Corporate Services
Darren Goode	Acting Manager Financial Services
Louise Saule	Acting Manager Risk
Susan Leahy	Head of Internal Audit North Shore Councils (External)
Melissa Dunlop	Governance Co-ordinator (Minutes)

**Visitors:**

Alex Hardy	External Auditor (Prosperity Advisers Group)
Cathy Wu	Audit Office of NSW

**Apologies:**

Ron Switzer	Independent Chair
Councillor Barbour	
Garry Ross	Manager Financial Services

**17. Declarations of Interest**

Nil.

**18. Minutes**

The Minutes of the previous meeting held on 28 June 2019, copies of which had been previously circulated, were taken as read and confirmed.

It was agreed that Items AR04: 2019 Draft Audited Financial Statements and Item AR05: North Sydney Engagement Closing Report 2019 be brought forward at this time to allow Alex Hardy from Prosperity Advisers Group and Cathy Wu from the Audit Office of NSW to address the Committee on these Items.

**19. AR04: 2019 Draft Audited Financial Statements**

Report of Garry Ross, Manager Financial Services

As per provision 6.6 of the North Sydney Council Audit, Risk and Improvement Committee Charter, the roles and responsibilities of the Committee in relation to external audit requires an independent assessment and feedback on the financial statements.

The independent Auditor's report will be incorporated into the draft Audited Financial Statements when presented to Council on 25 November 2019.

**Recommending:**

**1. THAT** the 2019 Draft Audited Financial Statements be considered by the Committee.

Alex Hardy from Prosperity Advisers Group and Cathy Wu from the Audit Office of NSW addressed the Committee on this Item.

**Resolved to recommend:**

**1. THAT** the 2019 Draft Audited Financial Statements be received and noted.

Voting was unanimous.

**20. AR05: North Sydney Engagement Closing Report 2019**

The North Sydney Engagement Closing Report 2019 from the Audit Office of NSW was distributed by the independent Auditor on 4 October 2019. The Auditor and a representative from the Audit Office of NSW will attend the meeting to answer any queries from the Committee.

Alex Hardy from Prosperity Advisers Group and Cathy Wu from the Audit Office of NSW addressed the Committee on this Item.

**Resolved to recommend:**

**1. THAT** the North Sydney Engagement Closing Report 2019 be received and noted.

Voting was unanimous.

Alex Hardy from Prosperity Advisers Group and Cathy Wu from the Audit Office of NSW left the meeting at 10.32am.

**21. AR01: Internal Audit Recommendations Status Report**

Report of Susan Leahy, Head of Internal Audit North Shore Councils  
Report on the progress of previous recommendations made.

**Recommending:**

**1. THAT** the status of past internal audit recommendations be received and noted.

**Resolved to recommend:**

**1. THAT** the status of past internal audit recommendations be received and noted.

Voting was unanimous.

**22. AR02: Internal Audit Report**

Report of Susan Leahy, Head of Internal Audit North Shore Councils

This report provides an overview of the Internal Audit program and the associated activities of the internal audit function.

**Recommending:**

1. **THAT** this report and the status of the Internal Audit Plan be received and noted.
2. **THAT** the Office of Local Government discussion paper on the new risk management and internal audit framework is communicated further with all stakeholders to form a view on whether to collate a combined response on behalf of the shared service before submissions close on 31 December 2019.

**Resolved to recommend:**

1. **THAT** this report and the status of the Internal Audit Plan be received and noted.
2. **THAT** the Office of Local Government discussion paper on the new risk management and internal audit framework is communicated further with all stakeholders to form a view on whether to collate a combined response on behalf of the shared service before submissions close on 31 December 2019.

Voting was unanimous.

**23. AR03: Business Continuity Management Internal Audit Report**

Report of Susan Leahy, Head of Internal Audit North Shore Councils

The internal audit of Business Continuity Management has been completed. A copy of the full Internal Audit Report is provided for the Committee's information.

Internal Audit noted that there were a number of improvements identified. Further, many of the areas identified as requiring improvement were being actioned or have strategies in place to address them. In summary the following recommendations were made:

- Improve Physical Environmental Condition of Secondary Data Centre.
- Business Continuity Management Governance and Framework:
  - Timely Review and Approval of Backup Recovery Standards;
  - Improve Design of Backup and Recovery Process;
  - Improve Effectiveness of IT Disaster Recovery Process;
  - Provide Disaster Recovery Plan (Backup and Recovery Standard) Training; and
  - Establish Data Centre Project Governance.
- Reassess the Maximum Acceptable Outage (MAO) within Business Impact Analysis.
- Complete Development of Action Plans in Risk Register.

**Recommending:**

1. **THAT** the Internal Audit Report of Business Continuity Management be received and noted.

**Resolved to recommend:**

1. **THAT** the Internal Audit Report of Business Continuity Management be received and noted.

Voting was unanimous.

**24. General Business**

The following summarises the 'Actions for Future Meetings' arising from the reports as discussed and adopted at the meeting:

- Focus on Internal Audit Planning for 2019/20 at next meeting on 8 November 2019.
- Progress report to the Committee prior to the end of the financial year in relation to Council's compliance with the change to Australian Accounting Standards.

**North Sydney Olympic Pool Redevelopment**

Brian Hrnjak advised he had read the recent article in the Sydney Morning Herald and queried the funding arrangements for the North Sydney Olympic Pool Redevelopment.

The General Manager advised that the original estimate of \$28 million in 2014 had been revised to \$58 million due to the grandstand requiring replacement rather than remediation and the project being expanded. In relation to funding, \$28 million has been budgeted in the Delivery Program for some time and Council has allowed for another \$10 million. The Federal Government has pledged \$10 million and Council is lobbying the State Government for a further \$10 million to bring the total to the \$58 million required for the project. The Development Application will be lodged shortly.

The meeting closed at 11.16am.

The next meeting will be held on Friday, 8 November 2019 at 10.00am.