

## **9.1. Audit Risk and Improvement Committee Minutes - 7 October 2022**

**AUTHOR:** Ian Curry, Manager Council & Committee Services

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

**ATTACHMENTS:**

1. Minutes - 7 October 2022 [9.1.1 - 7 pages]

**PURPOSE:**

The purpose of this report is to provide the Minutes of the Audit, Risk and Improvement Committee meeting held on 7 October 2022.

**EXECUTIVE SUMMARY:**

This report presents the minutes of the last meeting of the Audit, Risk and Improvement Committee held on 7 October 2022. There are no specific matters arising from the meeting referred to Council for adoption.

The minutes are attached for information and adoption by Council in accordance with the Audit, Risk and Improvement Committee Charter.

**FINANCIAL IMPLICATIONS:**

Nil

**RECOMMENDATION:**

**1.THAT** the Minutes of the 7 October 2022 Audit, Risk and Improvement Committee meeting be adopted in accordance with the Audit, Risk and Improvement Committee Charter.

## **LINK TO COMMUNITY STRATEGIC PLAN**

The relationship with the Community Strategic Plan is as follows:

5. Our Civic Leadership

5.2 Council is well governed and customer focused

## **BACKGROUND**

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

*7. 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.

## **DETAIL**

This report presents the minutes of the last meeting of the Audit, Risk and Improvement Committee held on 7 October 2022 for Council adoption. The minutes are attached for information and adoption in accordance with the Audit, Risk and Improvement Committee Charter



## MINUTES

The Minutes  
of the **Audit Risk and Improvement Committee**  
held in the Supper Room, North Sydney Council,  
200 Miller Street, North Sydney at 9:30am on Friday 7 October 2022.



**Chair:**

Brian Hrnjak in the Chair.

**Committee Members:**

Independent Member: Brian Hrnjak (Chair)

Independent Member: Ron Switzer

Councillor Member: Councillor Santer - Deputy Mayor (remotely)

Councillor Member: Councillor Beregi

**Staff:**

Margaret Palmer, Director Corporate Services

Shane Sullivan, Executive Manager Governance

Christian Menday, Manager Finance

Darren Goode, TITLE

**Others present:**

Susan Leahy, Head of Internal Audit

Alex Hardy, Prosperity (External Audit)

Unaib Jeoffrey, NSW Audit Office

**Apologies:**

Rob Emerson, acting General Manager

## Table of Contents

<b>1. Opening Meeting .....</b>	<b>4</b>
<b>2. Apologies .....</b>	<b>4</b>
<b>3. Disclosures of Interest.....</b>	<b>4</b>
<b>4. Confirmation of Minutes.....</b>	<b>4</b>
<b>5. Committee Reports.....</b>	<b>4</b>
<i>5.1. Financial Statements for the Year Ended 30 June 2022 .....</i>	<i>4</i>
<i>5.2. Internal Audit Plan 2022-23.....</i>	<i>5</i>
<i>5.3. Delivery Program/Operational Plan - Annual Review .....</i>	<i>6</i>
<i>5.4. Audit Risk and Improvement Committee Annual Report .....</i>	<i>7</i>
<b>6. Closure.....</b>	<b>7</b>

## **1. Opening Meeting**

## **2. Apologies**

Rob Emerson, acting General Manager

## **3. Disclosures of Interest**

There were no new disclosures of interest.

## **4. Confirmation of Minutes**

The Minutes of the previous meeting held on Tuesday 24 June 2022 were taken as read and confirmed.

The Motion was moved by Brian Hrnjak and seconded by Ron Switzer.

Voting was as follows:

For/Against 4 / 0

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

**Against:** Nil

**Absent:** Nil

## **5. Reports**

### **5.1. Financial Statements for the Year Ended 30 June 2022**

**AUTHOR:** Christian Munday, Manager Financial Services and Darren Goode, Manager Accounting Services.

The purpose of this report is to present the draft Financial Statements for the Year Ended 30 June 2022 to the Committee for independent assessment and feedback.

Provision 6.6 of The North Sydney Council Audit, Risk and Improvement Committee Charter sets out the roles and responsibilities of the Committee in relation to external audit and requires an independent assessment and feedback of the Financial Statements.

The External Auditor's report will be incorporated into the Financial Statements when they are presented to Council on 18 October 2022.

The draft Financial Statements for the Year Ended 30 June 2022 disclose a net operating surplus for the year of \$24.8 million including capital grants and contributions. Before capital grants and contributions, the result is a surplus of \$4.1 million, however the accounting treatment of the variations to the contract for the North Sydney Olympic Pool project is yet

to be determined. The resolution of such may have a negative impact, in a quantum to be determined, on the surplus.

**RECOMMENDATION:**

- 1. THAT** the Financial Statements for the Year Ended 30 June 2022 be considered by the Committee.
- 2. THAT** the Committee notes discussions with the External Auditor regarding the accounting treatment and disclosures of North Sydney Olympic Pool redevelopment contract variations are not resolved.

A Motion was moved by Brian Hrnjak and seconded by Ron Switzer.

The Motion was put and **Carried**.

**Resolved by the Committee:**

- 1. THAT** consideration of the Financial Statements for the Year Ended 30 June 2022 be deferred to allow legal advice to be obtained; clarification of the quantum and validity of variations and the appropriate accounting treatments and disclosures to be made in relation to the North Sydney Olympic pool redevelopment contract.
- 2. THAT** the Committee recommends that Council staff seek a one-month lodgement extension for the annual accounts from the Office of Local Government.
- 3. THAT** a special meeting of the Committee be arranged to consider the Financial Statements for the Year Ended 30 June 2022 in accordance with the revised timetable.

Voting was as follows:

For/Against 4 / 0

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

**Against:** Nil

**Absent:** Nil

## **5.2. Internal Audit Plan 2022-23**

**AUTHOR:** Susan Leahy, Head of Internal Audit

This report provides the internal audit plan for 2022-23

**RECOMMENDATION:**

- 1. THAT** the report be received and noted with respect to the 2022-23 Internal Audit Plan and resourcing position.

A Motion was moved by Brian Hrnjak and seconded by Ron Switzer.

The Motion was put and **Carried**.

**Resolved by Committee:**

**1. THAT** the report be received and noted with respect to the 2022-23 Internal Audit Plan and resourcing position.

Voting was as follows:

For/Against 4 / 0

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

**Against:** Nil

**Absent:** Nil

### **5.3. Delivery Program/Operational Plan - Annual Review**

**AUTHOR:** Sarah Malcolm, Corporate Planning Coordinator

The report presents the annual review of Council's Delivery Program/Operational Plan.

The 2021/22 ARIC Agenda Plan provides that there be an annual report to ARIC that:

*Periodically compare actual outcomes, achievement of milestones and other KPI's as compared with the Council Plan, Annual Report and Budget - strategic indicators for monitoring the achievement of the strategic objectives.*

This report provides a progress overview against the Council's 2021/22 Operational Plan, Year 4 of the Delivery Program 2018/19-2021/22 which concluded on 30 June 2022. The summary of achievements is taken from the draft Annual Report 2021/22, which will be presented to Council in November 2022.

There are no financial implications in the consideration of this report.

#### **RECOMMENDATION:**

**1. THAT** the Delivery Program/Operational Plan Annual Review be received.

A Motion was moved by Ron Switzer and seconded by Brian Hrnjak.

The Motion was put and **Carried**.

#### **Resolved by Committee:**

**1. THAT** the Delivery Program/Operational Plan Annual Review be received.

Voting was as follows:

For/Against 4 / 0

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

**Against:** Nil

**Absent:** Nil

---



#### 5.4. Audit Risk and Improvement Committee Annual Report

**AUTHOR:** Shane Sullivan, Executive Manager Governance

The purpose of this report is for the Committee to provide an Annual Report for the period 2021/22.

Attached is the Audit, Risk and Improvement Committee Annual Report for the period 2021/22.

There are no financial implications in the consideration of this report.

**RECOMMENDATION:**

**1. THAT** the Audit, Risk and Improvement Committee endorses the attached Annual Report for provision to Council and publication on the Council website.

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

The Motion was put and **Carried**.

**Resolved by Committee:**

**1. THAT** the Audit, Risk and Improvement Committee endorses the attached Annual Report for provision to Council and publication on the Council website.

Voting was as follows:

For/Against 4 / 0

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

**Against:** Nil

**Absent:** Nil

#### 6. Closure

The meeting concluded at 11.35am.