

9.1. Audit, Risk and Improvement Committee Minutes - 10 November 2023

AUTHOR	Ian Curry, Manager Council & Committee Services
ENDORSED BY	Luke Harvey, Director Corporate Support
ATTACHMENTS	1. ARIC Minutes - 10 November 2023 [9.1.1 - 12 pages]
CSP LINK	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 10 November 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 10 November 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 10 November 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 10 November 2023.



1. Opening Meeting

At the commencement of business 10.00am, those present were:

Chair and Independent Member Brian Hrnjak
Independent Member Ron Switzer
Independent Member Rhonda Wheatley (remotely)
Councillors Beregi and Welch

Interim Head of Audit, Mohua Mukherjee

Prosperity Audit Services, Alex Hardy

Staff members: Therese Manns (General Manager), Emma FitzRoy (Acting Director Corporate Support) and Peita Rose (Governance Officer).

The meeting was opened by the Chair.

Cr Welch gave the Acknowledgement of Country

2. Apologies

The Chair advised that apologies had been received from Karen Taylor, Director - Financial Audit, Audit Office of NSW and Luke Harvey, Director Corporate Support.

3. Disclosures of Interest

There were no declarations of interest.

4. Confirmation of Minutes

The Minutes of the previous meeting held 13 October 2023 were taken as read and confirmed.

The Motion was moved by Councillor Beregi and seconded by Councillor Welch.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

The General Manager's update on the Organisational Review was noted.

The Chair welcomed Mohua Mukherjee to the meeting for the first time as Interim Head of Audit for NSROC.

5. Reports

5.1. Status of Shared Service Internal Audit - 231023

AUTHOR	Luke Harvey, Director Corporate Support
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PURPOSE:

To update the Audit and Risk Improvement Committee on changes to Council's shared Internal Audit Service.

RECOMMENDATION:

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

The Recommendation was moved by Ron Switzer and seconded by Rhonda Wheatley

The Motion was put and **carried**.

Resolved to Recommend:

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

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.2. Internal Audit Plan and Status Report

AUTHOR	Mohua Mukherjee, Interim Head of Internal Audit
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PURPOSE:

The purpose of this report is to provides an update on the status of the Internal Audit plan, resources and activities of the internal audit function.

CHARTER

This report is provided to the Committee in accordance with the following requirement under the Committee Charter:

- Review the internal audit coverage and Internal Audit Plan, ensure the plan has considered the Risk Management Plan, and approve the plan.
- Consider the adequacy of internal audit resources to carry out its responsibilities, including completion of the approved Internal Audit Plan.

RECOMMENDATION:

1.THAT the Audit, Risk and Improvement Committee receive and note the status of the 2023/24 internal audit plan.

2.THAT the Audit, Risk and Improvement Committee note the proposed timing for the review and update of the Internal Audit Charter.

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

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Audit, Risk and Improvement Committee receive and note the status of the 2023/24 internal audit plan.

2.THAT the Audit, Risk and Improvement Committee note the proposed timing for the review and update of the Internal Audit Charter.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.3. Internal Audit Outstanding Recommendations Status Report - November 2023

AUTHOR	Mohua Mukherjee, Head of Internal Audit (Interim)
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PURPOSE:

The purpose of this report is to provide the Audit Risk and Improvement Committee an update on the progress of actions related to previous internal audit recommendations.

CHARTER

This report is provided to the Committee in accordance with the following requirement under the ARIC and Internal Audit Charter:

- Monitor the implementation of internal audit recommendations by management.

RECOMMENDATION:

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

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

The Motion was put and **carried**.

Resolved to Recommend:

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, Ron Switzer, Councillor Welch, and Rhonda Wheatley

Against: Nil

Absent: Nil

5.4. Completed Internal Audit Reports

AUTHOR	Mohua Mukherjee, Interim Head of Internal Audit
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PURPOSE:

The purpose of this report is to provide the Committee with an update on completed audit reports since the previous ARIC meeting.

CHARTER

This report is provided to the Committee in accordance with the following requirement under the Committee Charter:

- Review all audit reports and consider significant issues identified in audit reports and action taken on issues raised, including identification and dissemination of better practices.

RECOMMENDATION:

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

The Recommendation was moved by Councillor Beregi and seconded by Rhonda Wheatley.

The Motion was put and **carried**.

Resolved to Recommend:

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

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.5. Credit Card Audit and Response

AUTHOR	Luke Harvey, Director Corporate Support
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PURPOSE:

To update the Audit and Risk Improvement Committee on an audit conducted by Council's Procurement team on corporate credit card spend across the organisation.

RECOMMENDATION:

1. THAT the Audit, Risk and Improvement Committee note the corporate credit card audit and response.

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

1. THAT the Audit, Risk and Improvement Committee note the corporate credit card self-review and response.

2. THAT future 'audits' undertaken by Council be referred to as 'self-reviews'.

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Audit, Risk and Improvement Committee note the corporate credit card self-review and response.

2. THAT future 'audits' undertaken by Council be referred to as 'self-reviews'.

The General Manager noted that all Management with credit cards will need to review their use of the cards.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.6. Compliance and Risk Management - General Update

AUTHOR	Luke Harvey, Director
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PURPOSE:

The purpose of this report is to update the Committee on any instances of fraud or possible illegal acts, provide an update on relevant compliance matters, advise of any findings of any examinations by regulatory agencies and provide an update on Council's Enterprise Risk Management reporting.

CHARTER

This report is provided to the Committee in accordance with the following requirements under the Committee Charter:

- Clause 6.1 Risk Management
- Clause 6.4: Legislative Compliance

It was noted that the attachment to the report had not been provided and will be provided for the next meeting.

RECOMMENDATION:

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

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

The Motion was put and **carried**.

Resolved to Recommend:

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, Ron Switzer, Councillor Welch, and Rhonda Wheatley

Against: Nil

Absent: Nil

5.7. Development Services Review

AUTHOR	Emma Fitzroy, Executive Manager Organisational Performance
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PURPOSE:

The purpose of this report is to update ARIC on work currently underway to identify and remove performance obstacles within development services.

CHARTER & GUIDELINES

This report is provided to the Committee in accordance with the following responsibility outlined in s428a(3) of the Local Government Act and the Office of Local Government Draft Guidelines for Risk management and Internal Audit issued in September 2021:

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

RECOMMENDATION:

1. THAT the Audit, Risk and Improvement Committee receives and notes this report.

The Recommendation was moved by Councillor Beregi and seconded by Ron Switzer

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Audit, Risk and Improvement Committee receives and notes this report.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.8. Public Disclosure Changes

AUTHOR	Luke Harvey, Director Corporate Support
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PURPOSE:

The purpose of this report is to inform the Audit, Risk and Improvement Committee of changes to public interest disclosures legislation and changes to Council's Public Interest Disclosures Policy.

RECOMMENDATION:

1. THAT the Public Interest Disclosures Policy attached to this report be noted.

The Recommendation was moved by Ron Switzer and seconded by Rhonda Wheatly.

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Public Interest Disclosures Policy attached to this report be noted.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.9. Cyber Incident

AUTHOR	Luke Harvey, Director Corporate Support
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PURPOSE:

The purpose of this report is to provide ARIC with an update on the cyber security incident which was identified in July 2023.

RECOMMENDATION:

1. THAT the Audit, Risk and Improvement Committee note this incident and Council's response.

The Recommendation was moved by Ron Switzer and seconded by Rhonda Wheatley

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Audit, Risk and Improvement Committee note this incident and Council's response.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

External Auditor's update

Alex Hardy (Prosperity Audit Services) provided a verbal external Auditor's update to the Committee after consideration of Item 5.9.

As this meeting will be Alex's last meeting, the Chair thanked him for his service as Council's External Audit provider over the past five years with that role now being undertaken directly by the Auditor General's Office.

Mr Hardy then left the meeting.

5.10. North Sydney Olympic Pool - Major Projects Update

AUTHOR	Gary Parsons, Director Open Space & Infrastructure
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PURPOSE:

The purpose of this report is to update the Audit and Risk Improvement Committee in relation to the North Sydney Olympic Pool redevelopment project.

CHARTER

This report is provided to the Committee in accordance with the following requirement under the Committee Charter:

6.2 Control Framework

Review whether management has adequate internal controls in place to, including over external parties such as contractors and advisors.

RECOMMENDATION:

1.THAT the Audit, Risk and Improvement Committee note the contents of this report regarding the redevelopment of the North Sydney Olympic Pool.

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

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Audit, Risk and Improvement Committee note the contents of this report regarding the redevelopment of the North Sydney Olympic Pool.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.11. ICAC Investigation into the Conduct of Three Councillors of Former Hurstville City Council

AUTHOR	Ian Curry, Manager Council & Committee Services
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PURPOSE:

The purpose of this report is to advise the Committee of the recommendations of ICAC's "Operation Galley", into the conduct of three councillors of the former Hurstville City Council.

CHARTER

This report is provided to the Committee in accordance with the following requirement under the Committee Charter:

- 6.2 Control Framework

RECOMMENDATION:

1. THAT the Audit, Risk and Improvement Committee note the recommendations of the ICAC's "Operation Galley" into the conduct of three councillors of the former Hurstville City Council.

The Recommendation was moved by Councillor Beregi and seconded by Councillor Welch.

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Audit, Risk and Improvement Committee note the recommendations of the ICAC's "Operation Galley" into the conduct of three councillors of the former Hurstville City Council.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

5.12. Agenda and Meeting dates for 2024

AUTHOR	Ian Curry, Manager Council & Committee Services
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PURPOSE:

The purpose of this report is for the Committee to determine the meeting dates for 2024.

EXECUTIVE SUMMARY:

- As part of the ongoing administration of the North Sydney Council Audit, Risk and Improvement Committee this report seeks to confirm the meeting dates for 2024.

- The proposed meeting dates have been chosen to align to corresponding dates in 2023 and the annual audit and financial statements process.

RECOMMENDATION:

1. THAT the Committee meets on:

2 February 2024,
26 April 2024,
26 July 2024 and
1 November 2024

with an additional special meeting for the consideration of the annual financial statements to be scheduled as required.

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

The Motion was put and **carried**.

Resolved to Recommend:

1. THAT the Committee meets on:

2 February 2024,
26 April 2024,
26 July 2024 and
1 November 2024

with an additional special meeting for the consideration of the annual financial statements to be scheduled as required.

Voting was as follows:

For/Against 5 / 0

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

Against: Nil

Absent: Nil

GENERAL BUSINESS

Nil.

6. Closure

The meeting closed at 12.25pm.