

9.1. Audit, Risk and Improvement Committee Minutes - 14 June 2024

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ATTACHMENTS	1. Minutes ARIC 14 June 2024 [9.1.1 - 7 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 Terms of Reference.

EXECUTIVE SUMMARY:

- This report presents the decisions of the last meeting of the Audit, Risk and Improvement Committee held on 14 June 2024 for Council adoption. The minutes are attached for information.
- The 14 June 2024 meeting was the first with the new Committee members, appointed by Council in April 2024.

RECOMMENDATION:

1.THAT the Minutes of the Audit, Risk, and Improvement Committee meeting held on 14 June 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 14 June 2024 meeting 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.

The meeting was the first of the committee members appointed by Council on 8 April 2024.

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 and Improvement Committee meeting held in the Ros Crichton Pavilion, North Sydney Council Chambers, 200 Miller Street, North Sydney at 10am Friday 14 June 2024.



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1. Opening Meeting

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

- Chair and Independent Member Carl Millington
- Councillor Beregi
- Head of Internal Audit, Internal Audit Shared Services Northern Sydney Regional Organisation of Councils Mohua Mukherjee
- Independent Members Russel Burton (remotely) and Rhonda Wheatley (remotely)
- Staff members Therese Cole (CEO), Luke Harvey (Director Corporate Services), Aigul Utegenova (CFO), David Manager (Coordinator Risk), and Miranda Shoppee (Minutes).

The meeting was opened by the Chair.

2. Apologies

The following Apologies were noted:

- Karen Taylor (Lead Director - Financial Audit, Audit Office of NSW)
- Ian Curry (Council's Manager Council and Committee Services)
- Ian Robertson (Council's Service Unit Manager Corporate Governance)

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.

4. Confirmation of Minutes

AGREED: that the Minutes of the Audit, Risk and Improvement Committee meeting held on Friday 2 February 2024 be taken as read and confirmed by Ms Wheatley as a true record of the meeting.

5. Reports

5.1. Induction for New Committee Members and Meeting Schedule

The Director Corporate Services provided the Committee members with an overview of North Sydney LGA and North Sydney Council.

Meeting dates for the remainder of 2024 were discussed. Committee members agreed to provide details of their availability for proposed dates and noted the request to attend the next Committee meeting in person if possible.

AGREED:

1. **THAT** the induction provided to the Audit, Risk and Improvement Committee be received.
2. **THAT** the Audit, Risk and Improvement Committee members provide their availability for proposed meeting dates to determine the dates for Committee meetings for the rest of 2024.

5.2. Internal Audit Charter updated

The Committee reviewed the draft internal audit charter and noted:

- The draft Charter is consistent with Core Requirement 3 of the Risk Management and Internal Audit Guidelines and the Model Internal Audit Charter.
- Schedule 1 to the Charter has been aligned with the specific requirements of North Sydney Council and is considered appropriate.

AGREED:

1. THAT the Audit, Risk and Improvement Committee endorse the Draft Internal Audit Charter for Council's approval and adoption.

5.3. Internal Audit Reports

Records Management Internal Audit Report

Committee discussion points:

- future internal audit reports should detail the number of internal audits in progress, which should also be included in the relevant internal audit Key Performance Indicators.
- amount and location of data to be reviewed and steps taken to ensure greater integration of data storage across the Council.
- digitisation process to be completed within the next two years.
- more automated processes to be established.
- implementation dates for internal audit recommendations require relevant senior staff agreement and approval.
- implementation date of March 2025 for strategy documentation is too far.
- better understanding of appropriate length of time for data retention required
- general understanding re appropriate records location could be improved.
- records management needs to be incorporated into the risk management framework.

Restricted Reserves

Committee discussion points:

- improvement opportunity in regularity of reporting to Council's Executive Leadership Team and the relevant governance framework.
- systems and capabilities have previously been an issue, but the CFO has been working with the Finance Team to address this, and the relevant information is now being provided.
- length of time for the governance framework and policy to be addressed is a concern, and could be rectified by reviewing other councils' approach to the matter.

AGREED:

1. THAT the Audit, Risk and Improvement Committee receive and note the internal audit reports on Records Management and Restricted Reserves.

2. THAT issues raised in the reports be prioritised by Council.

5.4. Internal Audit Status Report

AGREED: THAT the Audit, Risk and Improvement Committee receive and note this report.

5.5. Internal Audit Outstanding Recommendations Status Report

Committee discussion points:

- management is confident that more of the cyber security recommendations will be complete by the next Committee meeting.
- the process for agreeing revised dates needs to be reviewed, to ensure that issues are addressed in a timely manner.
- audit recommendations need to be carefully and sufficiently worded so that actions are achievable.
- development of an approval process to be considered better manager due date referral requests.
- development of a statistics dashboard report re how many actions were due in the quarter, how many actions were closed, and how many due dates were postponed should be considered. Report should show how many high-risk actions have been delayed for more than 12 months, how many medium-risk actions have been delayed for more than six months etc. and information included in relevant KPIs.
- due date deferral requests should be supported by a breakdown of actions to be taken e.g., Month 1 - task 1 to be completed.

AGREED:

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

2. THAT the head of Internal Audit draft an approval process for due date deferral requests for review by the Director Corporate Services and then the ELT.

5.6. Internal Audit Plan - FY 24/25 to FY 27/28

Committee discussion points:

- need for a future presentation to the Committee on restricted reserves in 12 months to ensure that Council's processes are operating more smoothly, and that there is increased awareness across the organisation. If the Committee is not satisfied, then a follow-up audit is to be arranged.
- the upcoming asset report needs to assess the criticality of assets, their maintenance or replacement, and financial implications.
- the Committee's ability to assess the relevance of a four-year plan without assessing Council's risk management appetite and where the critical risks lie.
- suggestion that cyber security should be a standing agenda item, as part of the risk management profile of Council.

AGREED:

1. THAT the Audit, Risk and Improvement Committee approves the draft four-year internal audit plan from FY 24/25 to FY 27/28 (also containing the annual internal audit plan for next

financial year), subject to future consideration of Council's risk management framework, and the context within which the organisation is operating, so that adjustments can be made to the internal audit plan if necessary.

2. THAT a report on the effectiveness of Restricted Reserves processes be presented to the Committee in 12 months for consideration.

5.7. Compliance - General Update

Committee discussion points:

- the financial impact and proposed remediation of the reported compliance issue
- Ms Wheatley -report to come back to the Committee.
- systems/processes Council utilises to monitor compliance?
- Director Corporate Services - Council has a legislative compliance register which needs further development. Will report back to the Committee.

AGREED:

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

2. THAT a report on the remediation outcome of the compliance issue be presented to a future meeting of the Committee.

3. THAT a report on the development of the legislative compliance register be presented to a future meeting of the Committee.

5.8. North Sydney Olympic Pool Redevelopment Project Update

Committee discussion points:

- the Committee needs to understand Council's approach to probity, risk management, quality management, reputational risk etc. for the project.
- a report or presentation to the next Committee meeting re what Council has done to mitigate all identified risks, reactions to problems that have occurred etc, which will give an insight into the organisation's maturity and capacity for major projects.
- defect identification is critical; the warranty period doesn't start until the defect is resolved.

AGREED:

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

2. THAT existing reports relating to project management be provided to the Committee

5.9. NSC Network Outages

Committee discussion points:

- Council's Lifecycle Refresh program and timing of replacement of IT assets.
- conduct of Disaster Recovery Test, and inclusion of both DRT and Business Continuity Plan testing in annual IT planning.

AGREED:

- 1. THAT** the Audit, Risk, and Improvement Committee note this incident, and Council's response.
- 2. THAT** Council's business continuity plans, disaster recovery plans and report on Council's IT network maturity be presented to a future meeting of the Committee.

6. Closure

The meeting closed at 12.30pm.