

## 9.1. Audit, Risk and Improvement Committee Minutes - 22 November 2024

<b>AUTHOR</b>	Ian Curry, Manager Governance
<b>ENDORSED BY</b>	Luke Harvey, Director Corporate Services
<b>ATTACHMENTS</b>	1. 22 November ARIC Minutes [9.1.1 - 8 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 last meeting of the Audit, Risk, and Improvement Committee held on 22 November 2024 for Council adoption. The minutes are attached for information.

### **RECOMMENDATION:**

**1.THAT** the Minutes of the Audit, Risk, and Improvement Committee meeting held on 22 November 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 22 November 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.

## **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 Ros Crichton Pavilion of North Sydney Council Chambers, 200 Miller Street, North Sydney at 10.00am Friday 22 November 2024.



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## **1. Opening Meeting**

### **1.1. Opening Meeting**

At the commencement of business (10.01am) 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
- Associate Director, Audit Office of NSW, Monique Bartley
- Jarrod Lean and Mahesha Rubasinghe (Grant Thornton) remotely for Item 5.2
- Staff members Therese Cole (CEO), Luke Harvey (Director Corporate Services), Aigul Utegenova (CFO), Ian Robertson (Service Unit Manager Corporate Governance) and Ian Curry (Minutes).

## **2.0. Apologies**

- Director - Financial Audit, Audit Office of NSW, Karen Taylor

## **3. Disclosures of Interest**

### **3.1. Disclosures of Interest**

There were no Disclosures of Interest.

## **4. Confirmation of Minutes**

### **4.1. Confirmation of Minutes**

**AGREED:** that the Minutes of the Audit, Risk and Improvement Committee meeting held on Friday 11 October 2024 be taken as read and confirmed as a true record of the meeting.

## **5. Reports**

### **5.1. Long Term Financial Plan and options for financial sustainability**

The CEO, Therese Cole, gave a presentation on Council's financial sustainability and Special Rate Variation options.

Committee discussion points:

- While the press interest has been on the impact of the NSOP on Council finances, it is part of a broader picture

- Important to clarify during the consultation period that some financial reserves are restricted and cannot be used for other purposes
- Matching community expectations with the ability to fulfill them is challenging for Council

**AGREED**

1. **THAT** the Audit, Risk and Improvement Committee note the Long-Term Financial Plan.
2. **THAT** the Audit, Risk and Improvement Committee note the related report to the Council meeting of 25 November 2024.

**(Late item) Final Management Letter on the Financial Statement Audit**

Monique Bartley, Associate Director, Audit Office of NSW, presented the final management letter on the Financial Statement audit

The Committee noted that the draft letter had been presented to the previous ARIC meeting on 11 October.

**AGREED**

1. **THAT** the the final management letter on the Financial Statement audit be received by the Committee.

**5.2. Completed Internal Audit report - Procurement**

The Head of Internal Audit introduced Jarrod Lean and Mahesha Rubasinghe (Grant Thornton) who presented the findings of the Procurement Audit report.

Committee discussion points:

- Procurement is a high risk area and needs further focus.
- Management should be reporting which contractors are getting what work, and other risk based reporting including invoices raised before a purchase order was generated.
- The issues identified with the process are cultural and historical and cannot be fixed overnight, but this should not prevent progress in the short term
- Assessment of the audit rating on some audit findings and impact on overall audit rating.

**AGREED**

1. **THAT** the Audit, Risk and Improvement Committee receive and note the report on the internal audit of Procurement.

**5.3. Internal Audit Plan and status report**

The Head of Internal Audit introduced this report and invited any questions

**AGREED**

**1. THAT** the Audit, Risk and Improvement Committee receive and note the Internal Audit Plan and status report.

#### **5.4. Internal Audit Recommendations Status Report**

The Head of Internal Audit introduced this report and invited any questions

Committee discussion points:

- A number of questions regarding this item were sent to staff prior to the meeting.
- Can the Audit Office actions be included in the action register managed by the Head of Internal Audit?
- There are several long standing outstanding actions. Before the next meeting could staff review them and confirm if the risk is still valid or if they can be changed or removed?

**AGREED**

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

#### **5.5. Governance Framework – Reviewed and Endorsed Policies for new term of council**

The Service Unit Manager Corporate Governance introduced this report and invited any questions

**AGREED**

**1. THAT** the Audit, Risk and Improvement Committee note the recently adopted policies

**2. THAT** the Audit, Risk and Improvement Committee note the following policy reviews:

- Code of Conduct Councillors and Staff,
- Code of Meeting Practice,
- Councillor & Staff Interaction Policy and
- Councillor Expenses and Facilities Policy,
- Social Media Policy
- Media Liaison Policy.

#### **5.6. Submission on Review of Councillor Conduct and Meeting Practices**

The Service Unit Manager Corporate Governance introduced this report and invited any questions

**AGREED**

**1. THAT** the Audit, Risk and Improvement Committee note Council's submission to the Office of Local Government regarding its discussion paper 'Councillor conduct and meeting practices, A new framework'.

### **5.7. Insurance Report**

The Service Unit Manager Corporate Governance introduced this report and invited any questions

Committee discussion points:

- Noted the high number of motor vehicle claims
- One of the Committee's terms of reference is to monitor how the Council's risk management approach impacts on the Council's insurance arrangements
- Suggestion of reviewing available in vehicle technology to reduce incidents

**AGREED**

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

### **5.8. Enterprise Risk Management Framework**

The Service Unit Manager Corporate Governance introduced this report and invited any questions

Committee discussion points:

- Could recommendations in Internal Audit reports be related to the relevant risk register item
- Operational risk register appetite is low in many areas, which can be an expensive strategy.
- Staff should monitor risk items that are out of appetite.
- It is a concern that some risks inherent and residual risk ratings are the same and suggests they need review.

**AGREED**

**1. THAT** the Audit, Risk and Improvement Committee note the Enterprise Risk Management Framework report.

### **5.9. Public Interest Disclosure 2023/2024 fiscal year**

The Service Unit Manager Corporate Governance introduced this report and invited any questions



Committee discussion points:

- Noted that the training will be implemented by January 2025

**AGREED**

**1. THAT** the Audit, Risk and Improvement Committee note the report regarding Public Interest Disclosures for fiscal year 2023/2024.

### **5.10. Audit Risk & Improvement Committee Terms of Reference**

The Service Unit Manager Corporate Governance introduced this report and invited any questions

Committee discussion points:

- Schedule 1 of the ARIC Guidelines dictates what ARIC is required to do throughout the year and at other times during its term. It should be very clear that what is proposed in the ARIC 4 year plan covers all these matters.
- To avoid the document becoming out of date, could the names in the composition of the Committee be removed from the ToR

**AGREED**

**1. THAT** ARIC adopt the terms of reference for Council's Audit Risk and Improvement Committee with the removal of the Committee Members names under COMPOSITION AND TENURE

### **5.11. Agenda and Meeting dates for 2025**

The Service Unit Manager Corporate Governance introduced this report and invited any questions

Committee discussion points:

- The Committee members confirmed their availability on the proposed dates and a set meeting start time of 10am

**AGREED**

**1. THAT** the Audit, Risk and Improvement Committee meets at 10am on:  
21 March 2025,  
20 June 2025,  
22 August 2025  
19 September 2025 (Financial Statements Special Purpose meeting) and  
21 November 2025

## **6. Closure**

The Chair formally closed the meeting at 12.30pm.