

## 9.1. Audit, Risk and Improvement Committee Minutes - 21 March 2025

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<b>ENDORSED BY</b>	Luke Harvey, Director Corporate Services
<b>ATTACHMENTS</b>	1. 21 March 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 21 March 2025 for Council adoption. The minutes are attached for information.

### RECOMMENDATION:

**1.THAT** the Minutes of the Audit, Risk, and Improvement Committee meeting held on 21 March 2025 be endorsed.

## **Background**

The Audit, Risk and Improvement Committee (ARIC) is an independent advisory committee that plays a key role in supporting North Sydney Council's governance and accountability.

It consists of three independent expert members, each recruited for their specific area of expertise.

The ARIC was established in accordance with the Local Government Act 1993 and provides independent oversight and advice on Council's financial reporting, risk management, internal controls, performance, and legislative compliance.

## **Report**

The Minutes of the 21 March 2025 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 21 March 2025.



## **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 Carr (observer)
- Head of Internal Audit, Internal Audit Shared Services Northern Sydney Regional Organisation of Councils, Mohua Mukherjee
- Director Financial Audit, Audit Office of NSW, Karen Taylor (remotely)
- Staff members Therese Cole (CEO, from 12.30pm), Luke Harvey (Director Corporate Services), Emma FitzRoy (Executive Manager Organisational Performance), Aigul Utegenova (CFO), Ian Robertson (Service Unit Manager Corporate Governance), Stephen Beattie (Service Unit Manager Development Services, from 11.30am), David Mitchell (Coordinator Risk) and Ian Curry (Minutes).

## **2.0. Apologies**

Nil

## **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 22 November 2024 be taken as read and confirmed as a true record of the meeting.

Director Corporate Services Update–

- Council undertook consultation on a proposed Special Rate Variation between November and January. Over 1,000 submissions were received, in addition to the results of a demographically selected working group. Feedback was mixed on the proposal with many unhappy with the state of the financial situation and decisions made on the North Sydney Olympic Pool project, but many understanding on the need to increase rates to maintain levels of service to the community.
- The final recommended SRV was a rise of 87.05% over 2 years and an increase to minimum rates. Full detailed analysis, engagement, responses to questions are provided in the report to Council on 10 February 2025.

- The application is currently with IPART pending a decision in May / June 2025. If this is not approved Council may have to sell commercial properties and cut services to the community to improve liquidity whilst preparing for a new SRV application.
- Council adopted 8 'informing strategies' on 10 February 2025 following a large community engagement on 'our next 10 years' across 2024. These will form the basis for the next Community Strategic Plan.
- Council is still facing challenges attracting and retaining qualified applicants across various roles. Whilst this is an industry wide issue, Council is reviewing how we can improve our value proposition to current and prospective employees.
- The North Sydney Olympic Pool project is ongoing with a detailed update provided later in this meeting.

## 5. Reports

### 5.1. Internal Audit Report - Building and Environment Compliance

The Head of Internal Audit presented the findings of the Building and Environment Compliance Audit report.

Committee discussion points:

- Compliance is a critical element as it keeps everything in one place and the retention of corporate knowledge will enable much more efficiency
- A combination of manpower and expertise is important and automation of the process would help significantly.
- On the timeliness of addressing the report recommendations, the Director Corporate Services advised that this is a high risk area for Council and would be given a high priority to achieve the due dates.
- The Committee considered that quality assurance program would support this process.

#### **AGREED:**

**1.THAT** the Audit, Risk, and Improvement Committee noted the Internal Audit Report - Building and Environment Compliance report.

**2.THAT** Council consider the implementation of a Quality Assurance Review Program.

10.30am Rhonda Wheatley joined the meeting online

### 5.2. Internal Audit Plan and Status Report March 2025

The Head of Internal Audit presented this item.

Committee discussion points:

- The Committee is tasked with ensuring compliance with the section 428A guidelines in the Local Government Act and ARIC terms of reference to address as many of the items as it can in the four year appointment period.

- The draft 4 year Internal Audit plan will be prepared and presented to the next meeting of ARIC.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee noted the Internal Audit Plan and Status Report March 2025.

### **5.3. Open Audit Recommendations Status Report March 2025**

The Head of Internal Audit presented this item.

Committee discussion points:

- Officers responsible for audit actions need to be flexible if a recommendation is no longer relevant or another process is in place to address the issue.
- Open long outstanding recommendations need to be considered for ongoing relevance at ARIC meetings and decisions made regarding progress with their resolution be documented in the report.
- There should be a comprehensive review of the cyber security outstanding items.
- The process of setting due dates and requesting their revision should be reasonable. Management should be given a realistic timeframe to address recommendations, considering whether the resolution is within the council's control or reliant on external parties or actions.
- The cyber security items should remain on the list with a view to being finalised before the next ARIC Meeting in June.

**AGREED:**

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

**2.THAT** the high risk items be addressed prior to the next ARIC Meeting in June 2025.

**3.THAT** a report be prepared for the Committee on the effectiveness of the Governance Framework.

### **5.4. Audit Office Annual Engagement Plan for year ending 30 June 2025**

The Director Financial Audit, Audit Office of NSW presented this item.

Committee discussion points:

- The draft financial statements will be circulated to the Committee members on or around 1 September to allow a more meaningful discussion at the meeting on 19 September.
- The Committee members have been invited to the meeting of Audit members with the Auditor-General in Parliament House on 9 April.

**AGREED:**

**1. THAT** the Annual Engagement Plan for the Audit for the Year Ending 30 June 2025 was received by the Committee.

### **5.5. ARIC Draft Annual and Four Year Work Plan**

The Service Unit Manager Corporate Governance presented this item.

Committee discussion points:

- The draft plan is designed to address the Committee's obligations under s428 but must be flexible enough to change if circumstances require it.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee noted the feedback to the presented draft annual and four-year ARIC work plan.

**2. THAT** the Audit, Risk and Improvement Committee endorsed the Annual and Four Year Work Plan.

### **5.6. Service Review Framework**

The Executive Manager Organisational Performance presented this item.

Committee discussion points:

- The Committee members complimented the authors of the report, noting the Council's wholistic approach to service reviews that encompasses both internal and external services.
- This approach to service review demonstrates how audit can be used as management tool to then drive change.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee noted the Service Review Framework and four-year Service Review program.

### **5.7. Street Cleaning Pilot Service Review**

The Executive Manager Organisational Performance presented this item.

Committee discussion points:

- The high level of participation and enthusiasm demonstrated by staff is reflective of the findings from the Hawthorne study of the 1920s.
- The Committee noted the high quality of this report.

**AGREED:**

**1.THAT** the Audit Risk and Improvement Committee noted the key findings and recommendations from the pilot service review report on Street Cleaning.

**2.THAT** the compliments of the Committee be extended to the authors of this excellent report.

## **5.8. Statewide Mutual Continuous Improvement Self Assessments**

The Coordinator Risk presented this item.

Committee discussion points:

- The Committee believes it is important for Council to have a path forward to improve its self-assessment score

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee note Statewide Mutual's 2024 Continuous Improvement Self Assessments report.

## **5.9. Enterprise Risk Management Framework implementation - operational risk register review**

The Coordinator Risk presented this item.

Committee discussion points:

Nil

**AGREED:**

**1.THAT** the Audit, Risk and Improvement Committee noted the proposed approach of revisions of the Operational Risk Register.

## **5.10. Fraud and Corruption Framework Update - Training and Policy**

The Service Unit Manager Corporate Governance presented this item.

Committee discussion points:

- The Committee provided feedback on the draft policies related to Council's Fraud and Corruption Framework.
- The Committee noted the proposed actions of staff to ensure compliance with mandatory Code of Conduct training.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee noted the training activities conducted in late 2024, and planned for 2025.



### 5.11. Review of Business Continuity Framework

The Coordinator Risk presented this item.

Committee discussion points:

- Business continuity is not a static issue and needs to be constantly monitored for minor changes throughout time.
- The Business Continuity Plan and Crisis Plan need to be better defined as separate documents
- A short, sharp, easily accessible checklist of the Crisis Plan should be prepared.

**AGREED:**

**1.THAT** the Audit, Risk and Improvement Committee noted and reviewed the Crisis Plan.

**2.THAT** the Audit, Risk and Improvement Committee noted and reviewed the Disaster Recovery Procedure.

### 5.12. GIPA Volumes and Outcomes for 2023/24

The Service Unit Manager Corporate Governance presented this item.

Committee discussion points:

- Council should look at proactively releasing more documents to reduce the number of GIPA applications, particularly relating to DA submissions.
- Information and data derived from GIPA applications may be an indication of areas of concern within the community.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee noted the report on Council's handling of requests made under GIPA.

At this point, the Chief Executive Officer gave the Committee a presentation on the progress of the Special Rate Variation, which is now being assessed by IPART, general organisational improvement and challenges.

1.17pm Rhonda Wheatley left the meeting

### 5.13. Development Assessment Performance - Ministerial Letter

The Service Unit Manager Development Services presented this item.

Committee discussion points:

- The Committee noted that the increased workload of staff to reduce the DA waiting times was being addressed by management and the percentage and types of applications being dealt with by private certifiers.

**AGREED:**

**1. THAT** ARIC noted the Development Assessment Performance - Ministerial Letter report.

**5.14. North Sydney Olympic Pool Redevelopment Project Update**

Committee discussion points:

- The Committee had been kept informed about the Pool Redevelopment and will continue to monitor risks and looks forward to a successful completion of the project.

**AGREED:**

**1. THAT** ARIC noted the contents of this report in relation to the redevelopment of the North Sydney Olympic Pool.

**6. Closure**

The Chair formally closed the meeting at 1.28pm.