

9.2. Audit, Risk, and Improvement Committee Minutes - 20 June 2025

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ATTACHMENTS	1. 20 June ARIC Minutes [9.2.1 - 11 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 20 June 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 20 June 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 20 June 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 Supper Room of North Sydney Council Chambers, 200 Miller Street, North Sydney at 10.00am Friday 20 June 2025.



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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 (both remotely)
- Councillor Beregi
- The Mayor, Councillor Baker, Councillors Antonini, Carr, Holding, Santer and Welch (observers)
- 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
- Staff members Therese Cole (CEO), Duncan Rennie (A/Director Corporate Services), Gary Parsons (Director Open Space & Infrastructure), Aigul Utegenova (CFO), Ian Robertson (Service Unit Manager Corporate Governance), Sergio Corona (Service Unit Manager Capital Projects & Asset), Eoin Cunningham (Service Unit Manager Traffic & Transport Operations), Jenny Gracey (Corporate Planning Coordinator) and Ian Curry (Minutes).

2. Apologies

Nil

3. Disclosures of Interest

Nil

4. Confirmation of Minutes

AGREED: that the Minutes of the Audit, Risk and Improvement Committee meeting held on Friday 21 March 2025 be taken as read and confirmed as a true record of the meeting.

Confidentiality and Recording of the Meeting

The Chair advised that the meeting is being recorded for the sole purpose of reporting the official minutes of the meeting and the recording will be managed in accordance with Council's privacy and records management and will be deleted once the minutes are finalised.

There were no objections to recording of the meeting.

The Chair then reminded all those present of their obligation to maintain the confidentiality of the information discussed today, in accordance with the committee's terms of reference and Council's code of conduct.

5. Reports

5.1. Internal Audit Report – Asset Management Maturity

Jarrold Lean from Grant Thornton was present online to answer questions.

Key discussion points:

- Assessment based on ISO standards and core maturity level.
- The current maturity assessment is rated as Basic, which is of similar level to many Councils.
- It was noted that Council was already undertaking significant asset management improvements during the review period and that this work continues through the action plan developed.
- Three key focus areas identified:
 - Governance: Need for clearer roles, responsibilities, and monitoring.
 - Reactive vs. Proactive Management: Shift recommended toward proactive asset management.
 - Data Management: Centralised data needed to support decision-making.
- Committee raised concerns about criticality assessments and asset categorisation depth. Noted that this could be included in more specific asset class audits.
- The Committee noted the impact on work health and safety and public health where assets are poorly maintained, along with insurance repercussions.
- Management's agreement with the audit findings and their subsequent updates and actions were highlighted as evidence of strong leadership and commitment to continuous improvement.

AGREED:

1. THAT the Audit, Risk, and Improvement Committee note the internal audit Asset Management Maturity report.

5.2. Asset Management Maturity Report

The Director Open Space & Infrastructure and Service Unit Manager Capital Projects & Asset provided a presentation to the Committee.

Key discussion points:

- Formation of Capital Projects and Asset Management team through realignment process highlighted.
- Formation of Capital Works and Developer Contributions Working Group to take a multidimensional view to decision-making.
- Five key pillars for improvement:
 - Asset Management Framework
 - Decision-Making Framework

- Corporate Asset Management System
 - Education and Training
 - Governance
- 36% of actions complete, 36% in progress, 28% pending.
- Dashboard established for ongoing monitoring of projects.
- Committee emphasised importance of community engagement and stakeholder expectations given funding constraints.
- The Committee noted the comprehensive and structured approach to implementing the audit recommendations.

AGREED:

1. THAT the Audit, Risk, and Improvement Committee receive a presentation by the Asset Management Team in relation to an updated action plan for improvement.

2. THAT the Audit, Risk, and Improvement Committee note the improvements that have been made during the audit period and commitment to continuing improvement.

5.3. Financial position and response following IPART refusal of special variation

Key discussion points:

- IPART refused Council's rate variation application.
- Council remains in a poor financial position.
- Measures taken:
 - \$12.5M cut from capital works.
 - Vacancy holds and spending restrictions.
 - One-off income items helped cash flow.
- Discussion on asset sales, long-term financial planning, and community trust following North Sydney Olympic Pool decision and impact.
- Committee acknowledged the complexity and challenges of balancing service delivery with financial constraints.
- The Committee acknowledged the challenge in consulting with the community on such a complex decision-making process that is multifaceted
- The Committee emphasised the importance of clear benchmarks and performance measures tailored to North Sydney's context.
- Council is on the right track with its efforts to improve its financial position and long-term sustainability; however, it will need to develop new communication and engagement strategies with the community to support the next SRV application.

AGREED:

1.THAT the Committee received and noted the report in relation to Council's financial position following IPART refusal of the Special Rate Variation.

5.4. Integrated Planning & Reporting FY2024/25 Compliance Update

Key discussion points:

- The Committee raised no issues of concern.
- Noted that a new Community Engagement Strategy will be considered by Council at its meeting on 23 June.

AGREED:

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

5.5. Internal Audit Plan and Status Report - June 2025

Key discussion points:

- The internal audit plan is progressing well, with all audits progressing.
- Two audits are in draft report stage and expected to be presented at the next meeting.
- A new panel of audit service providers has been finalised.
- An external quality assessment is scheduled for the following year, in line with best practice and regulatory expectations.
- Post-audit surveys aligned with KPIs will be introduced to evaluate provider performance.
- The Audit Office will focus on the following areas of review in the coming year:
 - Financial sustainability
 - Large capital projects (over \$30 million)
 - Compliance with internal audit and risk guidelines

AGREED:

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

5.6. Open Audit Recommendations Status Report - May 2025

Key discussion points:

- Considerable progress made in closing audit recommendations.
- The oldest open item (from 2021) has been closed.
- Cybersecurity-related recommendations are nearly complete, with the final item expected to close by September.
- The Building and Environment Compliance team were praised for rapid implementation of audit actions.
- The committee encouraged other departments to follow this example and continue reducing long standing open items.

AGREED:

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

5.7. Draft Four Year Internal Audit Plan FY 25 to FY 29

Key discussion points:

- Four-year plan presented with risk-based prioritisation.
- The order for audits to be undertaken was discussed.
- It was agreed to move the BCP, IT DR and Emergency Management from Year 4 (FY 29) to Year 1 (FY26). The Rangers Compliance audit was moved from Year 1 (FY 26) to Year 2 (FY27). The Policy Governance audit was moved from Year 2 (FY 27) to Year 4 (FY 29).
- The new audit plans will be presented at the next ARIC meeting for mapping to the Committee's obligations.

AGREED:

1. THAT the Audit, Risk and Improvement Committee recommends adoption of the draft internal audit plan FY 26 to FY 29, subject to the amendments identified.

3. THAT the Audit, Risk and Improvement Committee approves, in principle, the audits identified in the tentative forward plan for FY 30.

5.8. Cyber Security Update

The Chief Information Officer provided a presentation in relation to this item.

Key discussion points:

- No cyber incidents since July 2024
- Essential 8 maturity improved: remaining gaps scheduled for closure by December.
- Disaster Recovery test completed successfully.
- Email security compliance improved from 83.7% to 99%.
- User training campaigns underway, but completion rates need improvement.
- The Committee encouraged making training mandatory and integrate into performance expectations.
- The Committee praised the team's progress and emphasised the importance of addressing the outdated OS on the intranet server.

AGREED:

1. THAT the Cyber Security update presentation provided to the Audit, Risk and Improvement Committee be received and the Committee noted the improvements in the report.

5.9. ICT & Information Governance report

Key discussion points:

- Delays in implementing retention and disposal policies due to SAS upgrade and new state records schedules.
- Key achievements:
 - Integration of updated retention schedules.
 - Online training modules from State Records embedded in Council's LMS.
- Priorities for the next 12 months:
 - Finalise retention and disposal framework.
 - Improve Microsoft 365 data governance (Outlook, SharePoint, Teams, OneDrive).
 - Reduce reliance on local drives and improve metadata tagging.
- Emphasis on cultural change and making compliance easier for staff.
- Focus on digitisation of physical data should be ongoing
- Committee acknowledged the complexity of the task and commended the team's progress.

AGREED:

1. THAT the Audit, Risk and Improvement Committee note the submitted update report on information governance improvement initiatives.

5.10. Policy Framework

Key discussion points:

- Over 100 council policies are under review.
- A new policy template has been introduced to improve clarity, consistency, and reduce procedural content in policy documents.
- Redundant or overlapping policies (e.g., Open Government vs. Access to Information) are being identified for consolidation or rescission.
- Committee emphasised the importance of:
 - Accessibility of policies to staff and councillors.
 - Monitoring compliance and implementation.
 - Ensuring policies are updated in response to legislative or operational changes.

AGREED:

1. THAT the Audit Risk and Improvement Committee note the Policy Framework and the associated Guideline attached to this report.

At 1pm, Rhonda Wheatley retired from the meeting.

5.11. Update on the financial positions for the financial year 2024-25.

Key discussion points:

- Acknowledged the improvement to the 30 June 2025 financial position mostly due to one-off items and cost reduction initiatives such as holding staff vacancies.
- The Committee only requires one update on the financial position at each meeting, which should be the most current.
- Noted that the preparation work on the external audit is proceeding.
- The Committee's annual work plan can be updated to remove the need for a quarterly budget report.

AGREED:

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

2.THAT the Committee's annual work plan be updated to remove the need for a quarterly budget report.

5.12. Risk Update Report - Risk Registers, Parking Station Risk Assessments and Risk Maturity Report

The Service Unit Manager Traffic & Transport Operations and Service Unit Manager Corporate Governance gave a presentation on this item

Key discussion points:

Parking Stations risk assessment

- EV charging facilities in council parking stations triggered a risk assessment process.
- Initial risk registers only considered parking revenue loss.
- Expanded to include installation risks, antisocial behaviour, and emergency access concerns.
- The timeliness of identifying the risks posed by the increase in the number of EV chargers was noted

Risk Update

- Service Unit Managers (SUMs) have shown strong engagement and preparation in participating in risk reviews
- A maturity review was conducted with Statewide as part of the board program.
- A work plan responding to the review will be presented at the next ARIC meeting.
- A new strategic risk register has been endorsed by the Executive Leadership Team (ELT).
- Plans are underway to review risk appetite statements and involve councillors in the process.
- Marsh will be used to facilitate councillor input.
- It is important that Councillors are aware of risks associated with their decision making.
- Acknowledgement that councillors require risk training as part of induction and broader professional development.

AGREED:

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

5.13. ARIC Work Plan Progress Update

The Service Unit Manager Corporate Governance presented this item

Key discussion points:

- Flexibility is key to adapting the work plan as context changes.
- Need to avoid overloading agendas and ensure coverage over the four-year term.
- Integration with internal and strategic plans is underway.
- The Chair to define objectives and KPIs for ARIC to measure performance and value.

AGREED:

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

6. Closure

The Chair formally closed the meeting at 1.22pm.