

## 9.1. Audit, Risk, and Improvement Committee Minutes - 22 August 2025

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| <b>ENDORSED BY</b> | Olena Tulubinska, Director Corporate Services  |
| <b>ATTACHMENTS</b> | 1. 22 August ARIC Minutes [9.1.1 - 9 pages]  |
| <b>CSP LINK</b>    | <b>Outcome 8 – An effective, accountable and sustainable Council that serves the community</b><br>G4. Manage risks and maintain independent oversight in business operations and decision-making |

### **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 August 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 22 August 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 22 August 2025 meeting have been endorsed by the Committee on 19 September. 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 August 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
- Councillors Carr and Welch (observers)
- Head of Internal Audit, Internal Audit Shared Services Northern Sydney Regional Organisation of Councils, Mohua Mukherjee, Jeremy Elman (RSM), Jarrod Lean and Armughan Azam (Grant Thornton)
- Staff members: Therese Cole (CEO), Duncan Rennie (A/Director Corporate Services), Aigul Utegenova (CFO), Ian Robertson (Service Unit Manager Corporate Governance), Gabrielle Rennard (Service Unit Manager Community Resilience and Sustainability, Item 5.9) and Ian Curry (Minutes).

## 2. Apologies

Director Financial Audit, Audit Office of NSW, Karen Taylor

## 3. Disclosures of Interest

Nil

## 4. Confirmation of Minutes

**AGREED:** that the Minutes of the Audit, Risk and Improvement Committee meeting held on Friday 20 June 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.

### Chief Executive Officer Update

The CEO provided an update on the following matters to the Committee:

- Appointment – Director Corporate Services

- North Sydney Olympic Pool: requests for information, project quality matters, financial performance of the project against budget, project variations and industry trends. Key project risks were discussed.
- 2024-25 financial management: cost containment strategies to address liquidity concerns, expected end of year results.
- 2024-25 workforce strategies: leave reduction plan, vacancies held, employee attraction and retention and associated risks.
- 2024-25 asset management: revaluations and condition assessment.
- IPART amendments to the SRV application and recommendations; clarification on cash expense ratio, clarifications on levies vs. minimum rates, etc.
- Council's response to the IPART recommendations: alternatives for rates increase, savings identified, community survey underway.
- Productivity and improvement: all improvements that took place and planned improvements are documented.
- Financial modelling: liquidity measures, medium term vs long term approach, sensitivities must be acknowledged.

The Committee thanked the CEO for her presentation.

## **5. Reports**

### **5.1. Review Council's financial statement preparation plan**

The Chief Financial Officer presented this item.

Key discussion points:

- The first draft of the 2024/25 financial statements are nearly ready. These will be presented to the next ARIC Meeting in September.
- Noted the appointment of the new Financial Controller.
- The four asset class reports have been received and are being reviewed.
- A fair value of the NSOP assets should be performed at practical completion. No revaluation is required at this stage.
- Financial ratios will not be audited this year due to changes in the Code of accounting Practice.

#### **AGREED:**

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

### **5.2. Update on financial positions for financial year 2025-26 - July 2025**

Key discussion points:

- Rate revenue is recognised as being received when levied, not apportioned over the financial year. Timing issue with rates revenue noted for July.
- Opening metro impacted parking revenue.

- Council has taken a number of measures to improve revenue from user charges e.g. new Open Space Policy fees, NYE Ticketing, potential naming rights for NSOP and the North Sydney Oval and advertising income. Compared to the income streams Council is losing, new revenue streams could be insignificant.

**AGREED:**

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

### **5.3. Internal Audit Reports - Revenue Management and Fire Safety Compliance**

The Head of Internal Audit introduced Jeremy Elman (RSM) who presented the Revenue Management audit and Jarrod Lean and Armughan Azam (Grant Thornton) who presented the Fire Safety Compliance audit.

Key discussion points:

- Both reports marked as improvement needed, noting management took some actions already before audit was completed.
- Revenue Management
  - Recognised significant efforts put in over the years to improve the process.
  - Clarification was sought on the level of outstanding Rates. The CEO confirmed that she was satisfied with the level of debt recovery undertaken.
  - Noted that the Department of Education is disputing the payment of Rates for a property leased from Council.
- Fire Safety Compliance
  - The “needs improvement” risk rating is largely related to administrative tasks. Management maintains a strong low-risk appetite and is actively implementing enhanced record-keeping procedures to address the issue.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee receive the internal audit reports of Revenue Management and Fire Safety Compliance.

### **5.4. Internal Audit Plan and Status Report - August 2025**

The Head of Internal Audit presented this item.

Key discussion points:

- Due to a low response, the Annual Internal Audit survey will be re-sent (emails with survey were held by email filters).
- Further progress on WHS audit was made (agreeing scope and scheduling meetings done)

- Noted the addition of BDO as another Audit Panel member as a result of the Panel procurement activity earlier in the year.

**AGREED:**

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

**2.THAT** Annual Internal Audit survey be re-sent to ARIC Members and senior Council management.

## **5.5. Open Audit Recommendations Status Report - July 2025**

The Head of Internal Audit presented this item.

Key discussion points:

- Noted that management is taking positive steps to address the outstanding audit recommendations through regular reviews and triaging of older and high risk issues.
- The involvement of senior management prior to the completion of audits should produce better recommendations that can be addressed in a timely fashion. The Committee noted that a regular report to management highlighting “items of concern” from the outstanding recommendations is due to commence on the 26 August 2025.
- The Head of Internal Auditor noted that an increase of management accountability, embedding addressing audit issues into performance and oversight routines that each directorate has and ELT having more visibility will improve the outcome. This provides a reassurance that the matters will be resolved in a timely manner.
- The report with outstanding audit issues went to ELT at the last meeting. Updates will be provided to ELT periodically.
- Management is looking at the system to capture audit issues and monitor them. His will improve accountability and visibility.
- The Committee continues to receive regular updates on the status of audit recommendation implementation. The Committee acknowledges the steps management have taken and their focus on high-risk areas, however, it remains concerned about delays in addressing several high and moderate risk items. While management has attributed much of the slippage to resourcing constraints, the Committee notes that some recommendations have remained outstanding for an extended period without clear mitigation strategies or revised implementation plans.
- Agreed to prioritise high level risk items outstanding for 12 months and over.

**AGREED:**

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

## **5.6. Internal Audit Plan FY27 to FY29 Mapping to ARIC Responsibilities**

The Head of Internal Audit presented this item.

Key discussion points:

- Noted that the plan can be amended to respond to issues that may arise during the four year audit plan
- The proposed audits for FY 30 are aspirational at this stage.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee:

1. Reviews the ARIC plan mapping to the internal audit coverage across the four-year audit plan (FY 26 to FY 29), prior years (including FY 24 & FY 25) and the tentative forward plan for FY 30.
2. Approves the internal audit plan for FY 27 to FY 29.
3. Endorses, in principle, the audits identified in the tentative forward plan for FY 30.

## **5.7. Legislative Compliance Policy and Register Update**

The Service Unit Manager Corporate Governance presented this item.

Key discussion points:

- The Committee were satisfied with the content of this report.

**AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee note the current Legislative Compliance policy and register.

## **5.8. Enterprise Risk Management Maturity**

The Service Unit Manager Corporate Governance presented this item.

Key discussion points:

- Noted that Council is aspiring to reach level 4 (embedded) on the risk maturity scale

**AGREED:**

**1. THAT** ARIC notes the Risk Department Work Plan.

Councillors Carr and Welch left the meeting during consideration of this item

## 5.9. Strategic, Operational & Project Risk Update

The Service Unit Manager Community Resilience and Sustainability presented this item.

Key discussion points:

- The Committee noted that the presentation was very comprehensive.
- Noted that some CRS Unit risks are not included in the operational risk register

### **AGREED:**

**1. THAT** ARIC receive the report on risk management initiatives within the Community Resilience and Sustainability service unit.

## 5.10. ARIC Annual Performance Report to Council and CEO

Key discussion points:

- The Committee noted and endorsed the report from the Chair including no mention of statistics about the number of outstanding audit recommendations or any comment on the performance of management in meeting its obligations

### **AGREED:**

**1. THAT** the Audit, Risk and Improvement Committee receives and notes the Annual Report of the Chair and recommends that it be submitted to the Chief Executive Officer for presentation to Council.

## 5.11. ARIC Work Plan Progress Update

The Service Unit Manager Corporate Governance presented this item.

Key discussion points:

- Noted that the Work Plan addresses the obligations of the Committee in a clear fashion.

### **AGREED:**

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

### **General Business**

#### **Unclaimed Money Act**

The provisions of this Act were changed from 1 July 2025, reducing the period from 6 to 3 years, however no advice has been received from OLG regarding the implementation of the new provisions.

## **6. Closure**

The Chair formally closed the meeting at 12.32pm.