

8.1. Audit, Risk, and Improvement Committee Minutes - 20 March 2026

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ATTACHMENTS	1. 20 March ARIC Minutes [8.1.1 - 9 pages]
CSP LINK	Outcome 8 – An effective, accountable and sustainable Council that serves the community 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 20 March 2026 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 March 2026 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 March 2026 meeting 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 on Friday 20 March 2026.



1. Opening Meeting

At the commencement of business (10.00am) those present were:

- Chair and Independent Member, Carl Millington
- Independent Members, Russel Burton (remotely) and Rhonda Wheatley (remotely)
- Councillor Beregi
- Head of Internal Audit, Internal Audit Shared Services Northern Sydney Regional Organisation of Councils, Mohua Mukherjee; Mohit Malik, Ruben Burke and Josh Goulton (BDO); Penelope Corkill and Stephen Calder (Centium); Min Ellis and Gearoid Fitzgerald (Audit Office of NSW)
- Councillors Santer and Carr (observers)
- Staff members: Olena Tulubinska (Director Corporate Services), Aigul Utegenova (CFO), and Ian Curry (A/SUM Corporate Governance)

2. Apologies

Therese Cole (CEO)

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 November 2025 be taken as read and confirmed as a true record of the meeting.

Confidentiality and Recording of the Meeting

Attendees were advised by written signs 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.

Attendees were also reminded by written signs 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.

4.1 CEO Update

The Director Corporate Services provided the following update to the Committee, on behalf of the CEO:

- Submissions to IPART for Council’s SRV application closed in early March; Council has received a number of clarification questions from IPART;
- completion of the 2026/27 Budget & Operational Plan is close and will be tabled at the next ELT meeting;
- an open information session on the 2026/27 Budget & Operational Plan has been scheduled for Tuesday 7 April, which will be livestreamed and recorded.

AGREED:

THAT the CEO update verbal report be received and noted

5. Reports

5.1. Internal Audit Report

The Head of Internal Audit introduced

- Mohit Malik, (BDO) who spoke to the Business Continuity Planning Audit report,
- Ruben Burke and Josh Goulton (BDO) who spoke to the Planning Certificates and Local Infrastructure Contributions Audit report and
- Penelope Corkill and Stephen Calder (Centium), who spoke to the Integrated Planning and Reporting Audit report.

Business Continuity Planning Audit report

Key discussion points:

- Current business continuity readiness is vulnerable where key staff are unavailable, with critical knowledge not sufficiently documented to enable continuity of essential functions during a disruptive event.
- The Committee supported integrating Business Impact Analysis work into existing service review activities where possible to reduce duplication and embed continuity thinking into business-as-usual governance.
- The committee expressed concern regarding long target dates (e.g., out to 2027) and requested interim milestones be introduced to enable ongoing monitoring and reduce the risk of repeated deferral of recommendations.
- The Committee requested that the relevant director or manager responsible for implementation attend future meetings to confirm commitments, explain progress, and account for any delays or impacts.

Action: Management to provide a project plan and milestone-based remediation timetable for the Business Continuity Planning audit recommendations at a future ARIC meeting, and to update the open audit recommendations register accordingly.

Planning Certificates and Local Infrastructure Contributions Audit

Key discussion points:

- The auditors advised that precise quantification of potential revenue loss cannot currently be determined. The Committee noted that the risk relates to potential foregone revenue ahead of an anticipated increase in development applications, including transport-oriented development.

- The Committee discussed the need to formalise and document an independent review or spot-check process for contribution estimates, supported by benchmarking and/or a calculator or tool to identify implausible build-cost estimates, including those falling below established thresholds.
- The issue was characterised as a medium risk on the Council risk matrix (potential exposure below \$1 million), with acknowledgement that the risk may be higher. The Committee requested management report back on relevant precedents and the feasibility of adopting or developing a calculator-based approach (noting Mosman Council as an example).
- The Committee also discussed the potential value of engaging external industry bodies, such as the Housing Industry Association or Master Builders Association, to support development of an estimation methodology.

Action: Management to confirm whether neighbouring councils may be interested in forming shared or backup arrangements with common systems and processes, with introductions to be facilitated if required.

Action: Management to provide the Committee with an assessment of potential financial exposure arising from Planning Certificates and Local Infrastructure Contributions, including assumptions, limitations, benchmarking or proxy measures used to assess materiality.

Action: Management to report back on the feasibility of implementing a documented, repeatable estimation and review approach for contributions (including use of calculators, benchmarking, or independent spot-checks), and how this would be embedded within existing system controls and governance arrangements.

Integrated Planning and Reporting Audit

Key discussion points:

- The potential implementation of a financial budgeting application and the possible use of activity-based costing to better identify cost drivers.
- Confirmation that councils are moving toward tighter compliance with OLG Guidelines, noting that some councils' current reporting structures do not meet OLG guideline requirements, and that no change to the requirements has occurred to date.
- The Committee emphasised that ARIC resolutions should clearly capture agreed actions and future reporting commitments, not merely receipt and noting of reports. Recommended outcomes include (a) requesting milestone-based reporting on remediation progress for high-rated findings, (b) requesting continued strengthening of controls over identification/calculation/collection of local infrastructure contributions (including system access controls and risk-based reviews), and (c) progressing identified improvement actions to strengthen planning maturity.

Action: Management to consider and design an appropriate configuration approach using account flagging to produce reports under different methodologies.

AGREED:

1. **THAT** the Audit, Risk and Improvement Committee receive and note the reports for the internal audits.
2. **THAT** progress with identified actions be reported at the next meeting.

5.2. Internal Audit Plan and Status Report - Nov 2025

The Head of Internal Audit addressed this item

Key discussion points:

- The Committee noted that satisfactory progress is being made with the internal audit plan.
- The Committee acknowledged the shared audit service's success reflected in the AONSW report to Parliament and recognised Council's Head of Internal Audit for their role in this achievement.

AGREED:

THAT the Audit, Risk and Improvement Committee receive and note the report, and that a further progress report will be available in mid to late May.

5.3. Open Audit Recommendations Status Report - March 2026

The Head of Internal Audit addressed this item

Key discussion points:

- **Set expectation for realistic due dates:** Agreed due dates must reflect delivery capability, include milestones, and recognise that some recommendations require longer lead times (e.g., asset management and BCP items).
- **Due-date extension controls:** Reported there is currently no formal due-date extension process; management committed to consult council executives and develop a streamlined, cross-council escalation and approval process for due-date changes. The Committee recalled prior committee agreement that one internal deferral is acceptable, but a second deferral must be presented to the committee; action raised to confirm what was decided and what has occurred.
- **Current accountability mechanism:** Reiterated that papers/changes are scrutinised via Executive Leadership Team review prior to committee, improving accountability and behaviour.
- **Asset management framework progress:** Reported the asset management framework document exists, has been reviewed with feedback provided, and is moving to formal executive endorsement.
- **Potential reporting misalignment:** Flagged a potential inconsistency between internal audit reporting and IP&R/statutory requirements, and the risk of viewing issues in isolation rather than end-to-end.

- **IP&R “mechanical” issue:** Stated the improvement plan exists but requires high-level summarisation in line with IP&R requirements, including key milestones.
- **Improved risk framing proposed:** Proposed overlaying council risk appetite into consequence/likelihood ratings to better connect ratings to strategic tolerance and prioritisation.
- **Suggested improvement in status reporting:** The Committee requested future status reports focus on (1) actions taken to mitigate the identified risk, (2) interim controls while risks remain open, and (3) what will be different by the next meeting—reducing narrative “work diary” updates.
- **Example of interim mitigation:** Cited fleet changes (reduced fleet size, stopped leaseback vehicles, scheduled maintenance/inspections) as risk-reducing actions that may warrant a lower residual risk rating despite the policy not yet completed.
- **ARIC expectations:** Stated ongoing multi-year deferrals are unacceptable; recommendations must be closed, triaged, or reframed with an agreed, realistic resolution path.

Action: Internal Audit, in consultation with the ARIC Chair, to redesign the audit recommendations status report to focus on:

- a) actions taken to mitigate risk;
- b) interim controls while recommendations remain open; and
- c) changes expected by the next meeting.

A revised format is to be presented to the next ARIC meeting.

AGREED:

1. **THAT** the ARIC receives and notes the status of open internal and external audit recommendations.
2. **THAT** progress with identified actions be reported at the next meeting.

5.4. External audit - Engagement letter and audit plan

Min Ellis and Gearoid Fitzgerald (Audit Office of NSW) addressed the Committee regarding this item

Key discussion points:

- **Internal controls:** The Committee referred to Auditor-General findings on weak internal controls across NSW councils and requested assurance/visibility on how delegations (incl. procurement) and systems access are monitored and reviewed. The Committee requested relevant information on when delegations were last reviewed, when role-based access levels were last reviewed, and how access changes are reviewed/monitored.
- **Draft financial statement review:** Draft financials will be reviewed by the Committee prior to being provided to the AONSW; this can occur online rather than requiring a physical meeting.

Action: Management to present a report on internal controls relating to delegations and system access, including review frequency and oversight mechanisms, at the next ARIC meeting.

Action: Management to arrange a date for the Committee to review the draft financial statements prior to being submitted for audit.

AGREED:

1. **THAT** the Audit, Risk and Improvement Committee receives and notes the external audit engagement letter, audit scope, key risk areas and milestones.
2. **THAT** progress with identified actions be reported at the next meeting.

5.5. Cyber Security Update

The Chief Information Officer addressed this item

Key discussion points:

- **Access to Council systems:** Formalise a third-party inventory/register of all vendors/partners with access to council systems (including contractors).
- **Controls:** Extend controls coverage to contractors who access council systems; ensure completeness checks include non-staff users.
- **AI:** Incorporate AI do's/don'ts into training and awareness (including what not to upload into unapproved tools).
- **Penetration tests:** Provide the most recent external penetration test results to the committee (as requested/if of interest); note external pen tests occur twice yearly and the most recent had no findings.
- **Cyber training:** Consider targeted cyber awareness/training for councillors (who use personal devices and have public email addresses), focusing on phishing/spoofing recognition and obligations.

Action: Management to progress the cyber security control enhancements discussed (including third-party access registers, contractor access controls, AI usage guidance, penetration testing reporting, and councillor cyber awareness) and report back to the Committee on implementation progress.

AGREED:

1. **THAT** the Cyber Security update provided to the Audit, Risk and Improvement Committee be received and noted.
2. **THAT** progress with identified actions be reported at the next meeting.

5.6. General Governance and Compliance update

The A/SUM Corporate Governance addressed this item

Key discussion points:

- The Committee noted the contents of this report
- The Chair noted that the Committee will discuss and agree its performance indicators.

Action: The Committee to consider appropriate performance indicators as required by the OLG Guidelines,

AGREED:

1. **THAT** the Audit, Risk and Improvement Committee receive and note the contents of this report.
2. **THAT** progress with identified actions be reported at the next meeting.

5.7. Enterprise Risk Management Framework Activity Update.

The Director Corporate Services addressed this item

Key discussion points:

- The Committee queried whether delegations adequately support incident management in all scenarios.

AGREED:

THAT the Audit, Risk and Improvement Committee receive and note Statewide Mutual's 2025 Continuous Improvement Self Assessments report and the Draft Risk Appetite Statement and looks forward to further progress at the next ARIC meeting.

5.8. Fraud and Corruption Control Framework Annual Update

The A/SUM Corporate Governance addressed this item

AGREED:

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

5.9. Update on financial positions for financial year 2025-26 (December QBRS and February YTD Results)

The CFO addressed this item

AGREED:

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

5.10. Service Review Reports

The Organisational Performance Specialist addressed this item

AGREED:

THAT the Audit Risk and Improvement Committee note the key findings and recommendations from the service review reports presented.

5.11. Service Unit Operational Environment and Risk Areas - Arts Library and Events

The SUM Arts Library and Events gave a presentation on this item

Key discussion points:

- The Committee addressed the consideration of intergenerational interests in event planning and observed that the comprehensive SRV consultation process has offered the Council significant insights into community preferences regarding the importance of intergenerational equity.

AGREED:

THAT the Audit, Risk and Improvement Committee receive and note the presentation on operational environment and risk areas for Arts Library and Events.

6. Closure

The meeting closed at 1.10pm