

# MINUTES

## **AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING**

held in the Flannel Flower Room, Dee Why Civic Centre on

**TUESDAY 7 JUNE 2022**

**at 2:00PM**

**Minutes of the Audit, Risk and Improvement Committee Meeting**  
**held on Tuesday 7 June 2022**  
**in the Flannel Flower Room, Dee Why Civic Centre**  
**Commencing at 2:00pm**

**ATTENDANCE:**

**Voting Members of the Committee**

Mr Stephen Horne (Chair)  
Mr Mark McCoy (remote)  
Ms Sarah Richardson (remote)  
Ms Julie Walton  
Cr Sarah Grattan  
Cr Sue Heins

**Council Officers (non-voting)**

Mr Ray Brownlee PSM	Chief Executive Officer
Mr Jeff Smith	Director Corporate & Legal
Ms Karen Twitchett	Director Workforce & Technology
Mr David Walsh	Chief Financial Officer
Ms Caroline Foley	Executive Manager Financial Planning & Systems
Ms Deirdre Cooper	Executive Manager Internal Audit & Complaints Resolution (remote)
Ms Sarah Dunstan	Executive Manager Governance & Risk
Ms Amy Noakes	Executive Manager Human Resources
Mr Mark Jones	Executive Manager Strategy & Performance
Mr Michael McDermid	Manager, Corporate Strategy
Ms Aline Fernandes	Internal Auditor
Ms Lesley Milbourne	Manager Governance
Mr Naren Gangavarapu	Chief Information Officer (for item 8.1 and 11.3) (remote)
Ms Tracey Gigg	Risk Officer (for item 8.2) (remote)
Mr Campbell Pfeiffer	Executive Manager Property (for item 9.2)

**Council Auditors (non-voting)**

Mr Warwick Shanks	Internal Audit, Partner, KPMG
Aisling Kilgannon	Internal Audit, Senior Manager, KPMG
Ms Monique Bartley	Director of Financial Audit Services, Audit Office of NSW (remote)

## Table of Contents

<b>1.0</b>	<b>APOLOGIES</b> .....	4
<b>2.0</b>	<b>DISCLOSURES OF INTEREST</b> .....	4
<b>3.0</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETING</b> .....	4
<b>4.0</b>	<b>ITEMS RESOLVED BY EXCEPTION</b> .....	4
<b>5.0</b>	<b>ACTION ITEMS FROM MINUTES</b> .....	4
5.1	Action items update.....	4
<b>6.0</b>	<b>STANDING ITEMS</b> .....	5
6.1	Verbal Update by the Chief Executive Officer.....	5
6.2	Finance Update.....	5
<b>7.0</b>	<b>IMPROVEMENT</b> .....	6
7.1	March 2022 Quarterly Performance Results and Update on Integrated Planning and Reporting Framework review.....	6
7.2	Continuous Improvement Report.....	
7.3	Benchmarking Program FY21 – Finances, Workforce and Operations .....	
<b>8.0</b>	<b>FRAUD AND RISK MANAGEMENT</b> .....	
8.1	Cyber Security Update .....	
8.2	Governance and Risk Management Update.....	
<b>9.0</b>	<b>SPECIAL AGENDA ITEMS</b> .....	
9.1	Audit, Risk and Improvement Committee Annual Report.....	
9.2	Lease and Licence Register .....	
<b>10.0</b>	<b>EXTERNAL AUDIT</b> .....	
<b>11.0</b>	<b>INTERNAL AUDIT</b> .....	
11.1	Internal Audit Update Report.....	
11.2	Complaints Resolution Team Update Report.....	
11.3	Extension to Deliver Audit Outcomes .....	
<b>12.0</b>	<b>GENERAL BUSINESS</b> .....	
12.1	Agenda Items for Next Meeting .....	
<b>13.0</b>	<b>NEXT MEETING</b> .....	

*Note 1: The Committee met in camera at 1.40pm prior to the meeting commencing with Deirdre Cooper, Ray Brownlee and Jeff Smith present.*

*Note 2: The Chair gave an Acknowledgement of Country and welcomed Warwick Shanks, Partner KPMG.*

## 1.0 APOLOGIES

Cr Bianca Crvelin

## 2.0 DISCLOSURES OF INTEREST

Cr Heins made a disclosure of interest – she is the Chairperson/Director of the Manly Warringah Women's Resource Centre.

## 3.0 CONFIRMATION OF MINUTES

### 3.1 MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD 12 APRIL 2022

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#### COMMITTEE RESOLUTION

That the minutes of the Audit, Risk and Improvement Committee meeting held 12 April 2022, copies of which were previously circulated to all members, are hereby confirmed as a true and correct record of the proceedings of that meeting.

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## 4.0 ITEMS RESOLVED BY EXCEPTION

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Nil.

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## 5.0 ACTION ITEMS FROM MINUTES

### 5.1 ACTION ITEMS UPDATE

#### PURPOSE

To provide the Audit, Risk and Improvement Committee with a progress update on the actions arising from the minutes of previous meetings of the Committee.

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#### COMMITTEE RESOLUTION

That the Audit, Risk and Improvement Committee noted progress on actions arising from the minutes of previous meetings.

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## 6.0 STANDING ITEMS

### 6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER

Note: Mark McCoy joined the meeting.

#### PURPOSE

To provide the Committee with a brief update on current issues, particularly those relating to areas of potential risk for Council.

#### DISCUSSION

The Chief Executive Officer (CEO) raised the following matters for discussion:

- Council is exploring a new framework with URM focussing on elements such as customer service.
- At its April 2022 meeting Council resolved to apply to the Minister for the Local Government via IPART for a permanent single year special variation to general (rates) income of 2.4% for the 2022/23 financial year.
- The status of Council's Services Review including a workshop with Council will be held on 16 July.
- The establishment of a Property Steering Committee and its purpose.

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#### COMMITTEE RESOLUTION

That the Audit, Risk and Improvement Committee noted the CEO's verbal update.

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### 6.2 FINANCE UPDATE

Note: Caroline Foley and David Walsh joined the meeting

#### PURPOSE

To provide an update on the financial performance of Council as at 31 March 2022.

#### DISCUSSION

Caroline Foley, Executive Manager Financial Planning provided an update on various impacts on Council's budget, including the February and March storms, the Reserve Bank's decision on interest rates and inflation (increasing contract prices and supply issues in capital projects for example). C Foley responded to questions regarding unrestricted funds and the impacts of the timing of rates instalment notices.

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#### COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the finance update as at 31 March 2022.

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## 7.0 IMPROVEMENT

### 7.1 MARCH 2022 QUARTERLY PERFORMANCE RESULTS AND UPDATE ON INTEGRATED PLANNING AND REPORTING FRAMEWORK REVIEW

*Note: Mark Jones and Michael McDermid joined the meeting*

#### PURPOSE

To report on performance as at March 2022 against measures in Council's Operational Plan 2021/22 and provide the Committee with an update on the review of Council's Integrated Planning and Reporting Framework (Framework).

#### DISCUSSION

Mark Jones, Executive Manager Strategy and Performance and Michael McDermid, Manager Corporate Strategy addressed the meeting.

M McDermid advised the committee the Framework will be submitted to the June Council meeting.

The Committee discussed the impact of COVID-19 and severe weather events over the last few years on Council's services and performance. It will take time for the organisation and staff to recover. Staff have not taken leave to ensure service levels but will need to take leave over the next 12 months. The Committee also discussed the engagement activities and levels of engagement on the Community Strategic Plan.

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#### COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the March 2021 Quarterly Performance results and update on the Integrated Planning and Reporting Framework review.

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### 7.2 CONTINUOUS IMPROVEMENT REPORT

#### PURPOSE

To provide the Committee with an update on the Northern Beaches Council's continuous improvement program, including its business excellence program, the IGNITE Leading and Learning Program, IGNITE Continuous Improvement Register and Service Review Program.

#### DISCUSSION

M Jones addressed the meeting. The Committee discussed enhancements for continuous improvement such as communities of practice, external reporting and promotion. Council has connected with many other councils and has arranged a presentation soon from Logan City Council. The Committee also discussed quantifying the financial savings or efficiency savings of the continuous improvements.

#### ACTION ITEM

The CEO to invite the Director Environment & Sustainability to update the Committee on interactive waste data, ie tracking your local waste truck.

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## COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the progress of Council's continuous improvement programs.

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### 7.3 BENCHMARKING PROGRAM FY21 - FINANCES, WORKFORCE AND OPERATIONS

#### PURPOSE

To present benchmarking results and trends for our finances, workforce and operations.

#### DISCUSSION

M Jones addressed the meeting.

The Committee discussed the challenges of this undertaking, including sufficient councils participating in benchmarking activities to provide significant data sets and how to meaningfully compare (not just with other coastal councils for example).

The Committee discussed other metrics and noted the importance of providing a narrative on context and explanations for differences between councils and categories of councils, for example not many councils have a large waste facility like Kimbriki.

M Jones and M McDermid advised that Northern Beaches Council is actively connecting with councils and continues to identify sources of data and metrics.

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## COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the performance results for the 2020/21 core benchmarking program on finances, workforce and operations.

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## 8.0 FRAUD AND RISK MANAGEMENT

### 8.1 CYBER SECURITY UPDATE

Note: Naren Gangavarapu joined the meeting

#### PURPOSE

To present to the Audit Risk and Improvement Committee an update on the actions and controls in place to achieve, monitor and maintain Council's cyber risk tolerance.

#### DISCUSSION

Naren Gangavarapu, Chief Information Officer provided an update on actions Council is taking to manage cybersecurity. The Committee discussed the benefits of the current cyber security training package.

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**ACTION ITEMS**

N Gangavarapu to consider providing online cyber security training to councillors.

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**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted:

1. The progress made to date in line with the cybersecurity roadmap
  2. The planned activities to achieve, monitor and maintain agreed risk tolerance
  3. The cybersecurity controls maturity benchmarking report by Gartner
  4. The network partnership status with Australian Cyber Security Centre.
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**11.3 EXTENSION TO DELIVER AUDIT OUTCOMES**

Note: The Chair moved consideration of item 11.3 forward. N Gangavarapu remained present for the item

**PURPOSE**

To request the Audit Risk and Improvement Committee to provide an extension for the delivery of July 2021 IT Project KPMG internal audit report findings 5,8 and 9.

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**COMMITTEE RESOLUTION**

That the Audit, Risk and Improvement Committee:

1. Notes the progress made to date in line with the July 2021 KPMG internal audit findings, and
  2. Approves an extension of target dates for findings 5,8 and 9 from October 2022 to May 2023.
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**8.2 GOVERNANCE AND RISK MANAGEMENT UPDATE**

Note: Tracey Gigg joined the meeting

**PURPOSE**

To provide the Audit Risk and Improvement Committee with an update on governance and risk management activities.

**DISCUSSION**

Sarah Dunstan, Executive Manager Governance and Risk, addressed the meeting. The Committee discussed the risk program and noted the intended timing to run councillors through the risk appetite later in the year. The Committee noted Council has been invited to participate in Statewide Mutual's pilot extension group for high performing councils.

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**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the governance and risk management update.

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**9.0 SPECIAL AGENDA ITEMS****9.1 AUDIT, RISK AND IMPROVEMENT COMMITTEE ANNUAL REPORT****PURPOSE**

To present the draft Audit, Risk and Improvement Committee (ARIC) Annual Report for 2021.

**DISCUSSION**

Feedback was provided on the content on page 4 noting it will be replaced with Council's purpose statement. M McCoy was invited to provide a photograph to staff for inclusion at his discretion.

The Committee noted the report will undergo graphic design and be tabled at a future Council meeting.

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**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee endorsed the ARIC Annual Report for 2021 for presentation to Council subject to minor edits being made as discussed.

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**9.2 LEASE AND LICENCE REGISTER**

*Note: Campbell Pfeiffer joined the meeting*

**PURPOSE**

To present to the Audit, Risk and Improvement Committee the Leases and Licences Register (Register) for the financial year ended 30 June 2021.

**DISCUSSION**

The Committee discussed the report including the current status of many leases and licences and its intended publication.

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**COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the Annual Lease and Licence Register and supported the Annual Leases and Licences Register being made publicly available after removal of all personal and sensitive information.

## **10.0 EXTERNAL AUDIT**

## **11.0 INTERNAL AUDIT**

### **11.1 INTERNAL AUDIT UPDATE REPORT**

#### **PURPOSE**

To provide an update to the Audit, Risk and Improvement Committee on all aspects of Internal Audit work since the last meeting.

#### **DISCUSSION**

Deirdre Cooper, Executive Manager Internal Audit & Complaints Resolution addressed the Committee.

The Committee discussed the status of the implementation of audit recommendations and received a verbal update since the papers were circulated. The Committee discussed the audits on the use of panel contractors, contract management approaches and payment card security measures and actions underway.

For future meetings, external audit recommendations will be included in the report to ARIC.

The Executive Manager Internal Audit & Complaints Management noted further work to improve contract management.

#### **ACTION ITEMS**

Staff to be congratulated on the excellent result re Item 3.1 in the paper – implemented audit recommendations. This is a significant leading indicator and demonstrates a culture of good risk management and commitment to good governance.

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### **COMMITTEE RESOLUTION**

The Audit, Risk and Improvement Committee noted the report.

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### **11.2 COMPLAINTS RESOLUTION TEAM UPDATE REPORT**

#### **PURPOSE**

To present to the Audit Risk and Improvement Committee information relating to complaints received, including alleged breaches of the Code of Conduct, complaints made under the Public Interest Disclosures Act 1994 (PID), and referrals to or from the Independent Commission Against Corruption (ICAC) and the NSW Ombudsman.

#### **DISCUSSION**

Deirdre Cooper, Executive Manager Internal Audit & Complaints Resolution addressed the Committee with the report noted.

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## ACTION ITEMS

The complaint management guidelines be shared with ARIC members.

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## COMMITTEE RESOLUTION

The Audit Risk and Improvement Committee noted the report from the Executive Manager Internal Audit & Complaints Resolution.

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## 12.0 GENERAL BUSINESS

### 12.1 AGENDA ITEMS FOR NEXT MEETING

#### PURPOSE

To discuss with the Committee the proposed agenda items for the next meeting.

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## COMMITTEE RESOLUTION

The Committee discussed the forward agenda for the September 2022 meeting.

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*NOTE 1: MONIQUE BARTLEY NOTED THAT THE AUDIT OFFICE RARELY HAS THE NEED TO RAISE ISSUES IN ITS MANAGEMENT LETTERS WITH NORTHERN BEACHES COUNCIL AND THAT COUNCIL IS AN EXAMPLE OF GOOD PRACTICE. THE AUDIT OFFICE USES COUNCIL AS A REFERENCE POINT AND EXAMPLE.*

*NOTE 2: THE CEO ADVISED THAT DEIRDRE COOPER WAS RETIRING. THE CHAIR THANKED D COOPER FOR HER EFFORTS AND INPUT INTO THE AUDIT PROGRAM. THE COMMITTEE WISHED D COOPER WELL FOR THE FUTURE.*

*NOTE 3: THE COMMITTEE MOVED INTO IN-CAMERA WITH JUST DEIRDRE COOPER REMAINING PRESENT.*

## 13.0 NEXT MEETING

**Tuesday 13 September 2022**

The meeting closed at 5.15pm.