



northern
beaches
council

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

TUESDAY 6 DECEMBER 2022

Minutes of the Audit, Risk and Improvement Committee Meeting
held on Tuesday 6 December 2022
in the Flannel Flower, Civic Centre, Dee Why
Commencing at 2.03 pm

ATTENDANCE:

Voting Members of the Committee

Chair Stephen Horne (Chair)
Member Mark McCoy (remote)
Member Sarah Richardson (remote)
Member Julie Walton
Member Bianca Crvelin (remote)
Member Sarah Grattan
Member Sue Heins (remote)

Council Officers (non-voting)

Ray Brownlee PSM	Chief Executive Officer
Jeff Smith	Director Corporate & Legal
Karen Twitchett	Director, Workforce & Technology
David Walsh	Chief Financial Officer
Sally Hall	Executive Manager Internal Audit & Complaints Resolution
Sarah Dunstan	Executive Manager Governance and Risk
Mark Jones	Executive Manager Strategy & Performance
Naren Gangavarapu	Chief Information Officer
Michael McDermid	Manager, Corporate Strategy
Aline Fernandes	Internal Auditor
Claudia Brodtke	Senior Advisor, Governance
Justin Hurst	Team Leader, Management Accounting
Elsbeth Cronin	Executive Manager Customer Service

Council Auditors (non-voting)

Ms Aisling Kilgannon	Internal Audit, Senior Manager, KPMG
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Note: The Committee met in camera prior to the ordinary meeting commencing

1.0 APOLOGIES

Apologies were received from Karen Taylor.

2.0 DISCLOSURES OF INTEREST

There were no disclosures of interest.

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD 13 SEPTEMBER 2022

COMMITTEE RESOLUTION

That the minutes of the Audit, Risk and Improvement Committee meeting held 13 September 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, with minor changes accepted.

3.2 MINUTES OF EXTRAORDINARY AUDIT, RISK AND IMPROVEMENT COMMITTEE HELD 13 SEPTEMBER 2022

COMMITTEE RESOLUTION

That the minutes of the Extraordinary Audit, Risk and Improvement Committee held 13 September 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, with minor changes accepted.

4.0 ITEMS RESOLVED BY EXCEPTION

Nil.

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.

COMMITTEE RESOLUTION

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

6.0 STANDING ITEMS

6.1 VERBAL UPDATE BY THE CHIEF EXECUTIVE OFFICER

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) introduced the new Executive Manager of Internal Audit & Complaints Resolution, Sally Hall.

The CEO raised the following matters for discussion:

- The upcoming Enterprise Resource Planning project
 - The reappointment of Council's directors for a five-year term
 - The recent discussion of the disclosures of interest at the October Council meeting
 - Council's Property Strategy
 - The impacts of COVID-19 on resourcing and the operations of Council, including on capital works programs.
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COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the verbal update by the Chief Executive Officer.

6.2 FINANCE UPDATE

Note : David Walsh and Justin Hurst joined the meeting for this item

PURPOSE

To provide an update on the financial performance of the Council as at 30 September 2022.

DISCUSSION

David Walsh, Chief Financial Officer and Justin Hurst, Team Leader Management Accounting presented the highlights of the report to the Committee.

The following points were discussed:

- The storm related expenses which continue to impact the financial performance of Council
- The impact of forecast Reserve Bank rate rises – that the full impact of inflation was not yet flowing through to expenses
- The anticipated costs required for the Enterprise Resource Planning Project.

COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the finance update as at 30 September 2022.

8.1 GOVERNANCE AND RISK MANAGEMENT UPDATE

Note: This item was moved ahead of the listed agenda order

PURPOSE

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

DISCUSSION

Sarah Dunstan, Executive Manager Governance & Risk raised the following:

- The status of Council's policies
- That a review of Council's statutory delegations is currently underway
- A request for feedback on the draft risk framework documents.

The Committee discussed the following items:

- Feedback regarding the draft policy and risk appetite statement including KPIs
 - The operational risks above tolerance including discussion on the residual risk rating for disclosures of interest
 - The process of refreshing the risk framework
 - The Council's setting of risk tolerances and acceptance of risks above tolerance
 - The regularity of IT penetration testing.
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COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the governance and risk management update and shared feedback on the updated risk framework documents.

6.3 PERFORMANCE REPORTING UPDATE - SEPTEMBER 2022

Note 1: Ray Brownlee left the meeting at 2.59pm and returned at 3.23pm

Note 2: Mark Jones, Elspeth Cronin and Michael McDermid joined the meeting

PURPOSE

To report on performance as at September 2022 against measures in Council's Operational Plan 2022/23.

DISCUSSION

Mark Jones, Executive Manager Strategy & Performance presented on an overview of the item.

COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the report.

7.0 IMPROVEMENT

7.1 BESPOKE BENCHMARKING PILOT - CUSTOMER SERVICE

Note: Mark Jones, Elspeth Cronin and Michael McDermid joined the meeting.

PURPOSE

To provide an update on Council's Bespoke Benchmarking Program.

DISCUSSION

Mark Jones, Executive Manager Strategy & Performance presented on an overview of the item.

The committee discussed a number of points including:

- Call response times
 - Call centres vs customer services counters
 - The future of the Benchmarking Program
 - First contact resolutions.
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COMMITTEE RESOLUTION

That the Audit Risk and Improvement Committee note the findings of the bespoke benchmarking pilot on the service of Customer Service.

7.2 CONTINUOUS IMPROVEMENT UPDATE

Note: Mark Jones, Elspeth Cronin and Michael McDermid joined the meeting.

PURPOSE

To provide the Committee with an update on the Northern Beaches Council's continuous improvement program.

DISCUSSION

Mark Jones, Executive Manager Strategy & Performance presented on an overview of the current service review framework and system, and provided a summary of the total programs and the status of these programs.

The Committee discussed the following in relation to this item:

- How the Committee will be used as a forum to assess service levels
- How data analytics in relation to these programs will be completed.

COMMITTEE RESOLUTION

That the Audit, Risk and Improvement Committee note the progress of Council's multifaceted continuous improvement programs.

8.0 FRAUD AND RISK MANAGEMENT

Note: Item 8.1 was moved ahead of the listed agenda order

8.2 NORTHERN BEACHES COUNCIL CYBERSECURITY UPDATE

Note: Naren Gangavarapu joined the meeting for this item

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 presented some key callouts to the committee including:

- The increasing span and frequency of cyber-attacks
- The impact of incidents on the staffing of IT service desk
- Councillors attending a briefing from Cyber NSW
- The variety of methods used by attackers
- The financial impacts of IT security
- Preventative and post incident damage prevention
- Building a cyber risk culture and building capability – cyber risk is a business issue, not just limited to a tech issue.

The Committee discussed a number of points including:

- The number of websites owned and operated by Council
- Current IT Security projects which are underway
- Application control – including a review of licencing
- Seeking external legal advice around Australian privacy laws
- Internal resourcing/external resourcing
- Ransom payments.

COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted:

1. The progress made to date in line with the cybersecurity roadmap.
 2. The heightened cyberattacks on the Council environment leading to a high risk of compromise.
 3. That several risks will go above tolerance (to extreme) due increasing cyberattacks.
 4. Legislative changes from state and federal level constantly monitored as changes may impact on Council's ability to comply with policies around cybersecurity, privacy, and data breaches.
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9.0 SPECIAL AGENDA ITEMS

9.1 ANNUAL INVESTMENT POLICY REVIEW

Note: David Walsh joined the meeting

PURPOSE

To provide the Investment Policy to the Audit, Risk and Improvement Committee for review in accordance with that Policy.

DISCUSSION

David Walsh, Chief Financial Officer spoke to this item.

The committee discussed the following points in relation to this item:

- How Northern Beaches Council Investment Policy compares to other Councils
- The lengthening of the portfolio maturity.

COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the review of the Investment Policy and that no changes to the Policy are proposed.

10.0 EXTERNAL AUDIT

Nil.

11.0 INTERNAL AUDIT

11.1 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

Sally Hall, Executive Manager Internal Audit & Complaints resolution spoke to this item with a key highlight being the trend of complaints decreasing over the past few months.

The Committee discussed the following items in relation to this matter:

- Awareness for complaints
- The upcoming change in Public Interest Disclosure legislation
- The causes of the downward trend in complaints.

COMMITTEE RESOLUTION

The Audit Risk and Improvement Committee noted the report.

11.2 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

Sally Hall, Executive Manager Internal Audit & Complaints provided an update on this item with Council currently at the five month mark of the Internal Audit Plan.

The Committee discussed the following in relation to this item:

- Software licencing and costs
- Work Health and Safety follow up
- Drivers and actions regarding the recruitment audit including measures being implemented in response
- The methodology of the recruitment audit and access granted to auditors and data governance within the People Central module
- The Committee noted a follow up audit will take place within the next 12 months, to review progress of recommendations, and a check of any closed recommendations.

COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the report.

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.

COMMITTEE RESOLUTION

The Committee noted the forward agenda.

13.0 NEXT MEETING

Tuesday 14 March 2023

The meeting closed at 4.40pm.