



northern
beaches
council

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

TUESDAY 13 JUNE 2023

Minutes of the Audit, Risk and Improvement Committee Meeting
held on Tuesday 13 June 2023
in the Flannel Flower, Civic Centre, Dee Why
Commencing at 2pm

ATTENDANCE:

Voting Members of the Committee

Member - Stephen Horne (Chair)
Member - Mark McCoy
Member - Julie Walton
Member - Councillor Bianca Crvelin (remote)
Member - Councillor Sarah Grattan (remote)

Council Officers (non-voting)

Louise Kerr	Chief Executive Officer
Jeff Smith	Director Corporate & Legal
Karen Twitchett	Director Workforce & Technology
Sally Hall	Executive Manager Internal Audit & Complaints Resolution
Sarah Dunstan	Executive Manager Governance & Risk
Aline Fernandes	Internal Auditor
Anna Moore	Senior Advisor Governance

Visiting staff:

David Walsh	Chief Financial Officer (<i>Item 6.2</i>)
Caroline Foley	Executive Manager Financial Planning & Systems (<i>Item 6.2</i>)
Mark Jones	Executive Manager Strategy & Performance (<i>Item 7.1</i>)
Campbell Pfeiffer	Executive Manager Property (<i>Items 7.1, 9.2</i>)
David Castro	Senior Project Manager (<i>Item 12.1</i>)

Council Auditors (non-voting)

Ms Aisling Kilgannon	Internal Audit, Senior Manager, KPMG
Ms Susan Prichard	Director of Financial Audit Services, Audit Office of NSW (remote)

Guest - Mayor Sue Heins (remote)

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1.0 APOLOGIES

Nil

2.0 DISCLOSURES OF INTEREST

Mayor Heins declared a not significant non-pecuniary conflict as she is chairperson at the Manly Warringah Women's Centre, who leases a building from Council and is therefore listed on the lease and licence register (Item 9.2)

Aisling Kilgannon declared a conflict of interest in relation to Item 12.1 and would leave the meeting for discussion on this item.

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD 14 MARCH 2023

OUTCOME

That the minutes of the Audit, Risk and Improvement Committee meeting held 14 March 2023, copies of which were previously circulated to all members, are hereby confirmed as a true and correct record of the proceedings of that meeting.

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 (ARIC) with a progress update on the actions arising from the minutes of previous meetings of the Committee.

DISCUSSION

The Committee discussed the update on actions and requested that actions remain open until the action/task has been fully completed and not, for example, been actioned via incorporated into business as usual or another plan/strategy document.

ACTIONS

1. Staff to provide more information in relation to the Meals on Wheels program outside of Manly (very detailed information provided in the memo regarding Manly)
2. Staff to provide more context in relation to the 111 routine fixed food outlet inspections. I.e.

Were they all restaurants? How is that mix related to the rest of the LGA? Was this higher or lower than usual?

3. Staff to re-open the previously completed actions for report items 7.3, 10.2, 12.1 and to ensure they stay open until they are resolved.

OUTCOME

That 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 INTERIM 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

Louise Kerr, Interim Chief Executive Officer gave an update on a number of topics:

- Resignation of Jeff Smith, Director Corporate and Legal to become General Manager of Maitland City Council
- Appointment of Scott Phillips, current Chief Executive of Local Government NSW, as Council's new Chief Executive Officer effective 24 July 2023
- WHS practices in place to address a historical issue
- Audit by Department of Premier & Cabinet into Local Government (State) Award 2020 (Award) and the Industrial Relations Act 1996 (NSW)

The Chair and Committee members thanked Jeff Smith for his significant contribution to the ARIC and leading reporting improvements.

The Committee thanked Louise Kerr for successfully stepping into the Interim CEO role and for supporting the Committee's March and June meetings.

ACTIONS

Karen Twitchett to provide an update on the Department of Premier & Cabinet audit to September ARIC meeting.

OUTCOME

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

6.2 FINANCE UPDATE

PURPOSE

To provide an update on the financial performance of the Council as at 31 March 2023.

DISCUSSION

David Walsh, Chief Financial Officer, and Caroline Foley, Executive Manager Financial Planning & Systems, presented the key details of the finance update.

Discussion covered restricted reserve funds, the status of development contributions, financial and service delivery impact of employee vacancies, reduction in waste volumes, and budget challenges including parking income, the impact of storm events, and the impact of the Emergency Services Levy.

In noting the impact of storm events, the ARIC discussed the financial impact of climate risk and key risk indicators and controls. It was noted Council has a Resilience Strategy in place.

ACTIONS

Todd Dickinson to include financial impact of recent hazard events in his upcoming report to the September ARIC meeting.

OUTCOME

The Audit, Risk and Improvement Committee noted the finance update as at 31 March 2023.

7.0 IMPROVEMENT

7.1 SERVICE REVIEW - BUILDING MAINTENANCE (S23 FACILITIES MANAGEMENT SERVICE)

PURPOSE

This report details the analysis and recommendations associated with the Service Review of Building Maintenance (S23 Facilities Management Service).

DISCUSSION

Campbell Pfeiffer, Executive Manager Property, and Mark Jones, Executive Manager Strategy & Performance, attended and provided a high level outline of the service review and the major action points. Discussion covered how service review recommendations were tracked within the corporate reporting tool, balance of planned vs reactive maintenance, insourcing, outsourcing or co-sourcing models, and the value of the deep dive analysis and service review exercise. The Committee discussed the need to invest to make the ongoing savings from identified improvements whilst recognising current budget restraints. The value of closing the loop with customers was also discussed in general terms for all customer transactions.

OUTCOME

The Audit, Risk & Improvement Committee noted the analysis and recommendations of the

Service Review for Building Maintenance.

8.0 FRAUD AND RISK MANAGEMENT

8.1 GOVERNANCE AND RISK MANAGEMENT UPDATE

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, highlighted the key details in the report including the status of recruitment for the replacement ARIC member and status of the risk program. The Committee noted the update and discussed two key performance indicator results regarding performance goals and mandatory training. Karen Twitchett, Director Workforce and Technology updated the ARIC on upcoming changes to HR's implementation of mandatory training including timing, phasing and alignment to community campaigns eg. WHS training during Safety Month.

COMMITTEE RESOLUTION

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

8.2 NORTHERN BEACHES COUNCIL BI-ANNUAL CYBERSECURITY REPORT

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

Karen Twitchett, Director Workforce and Technology presented the report and discussed the activities underway including simulation training events and business continuity discussions.

Discussion included external cyber incidents, status of implementation of the 2019 Cyber audit recommendations, insurance arrangements and contracted arrangements for security vendors.

OUTCOME

The Audit, Risk and Improvement Committee noted:

1. The continuing heightened cyberattacks on the Council environment leading to a high risk of compromise, including the risk of vendor attacks on Council's operations.
 2. Continuing risks will go above tolerance (to extreme) with increasing cyberattacks.
 3. The commencement of an internal cyber specialist.
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4. The engagement of staff in simulations to support responses to cyber incidents.
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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 2022.

ACTION

Staff to make minor amendments as per Mark McCoy's notes.

OUTCOME

The Audit, Risk and Improvement Committee endorsed the ARIC Annual Report for 2022 for presentation to Council.

9.2 LEASE AND LICENCE REGISTER

PURPOSE

To provide additional commentary around the status of expired leases and how lease and licence fees are set.

DISCUSSION

Campbell Pfeiffer, Executive Manager Property, attended the meeting. Discussion covered market rate and lease roll over arrangements, including adjustment mechanisms.

COMMITTEE RESOLUTION

The Audit, Risk and Improvement Committee noted the additional information in this report that discusses the current arrangements for expired agreements and the rationale used when setting the rent for leases and licences.

10.0 EXTERNAL AUDIT

Nil

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

Sally Hall, Executive Manager Internal Audit & Complaints Resolution gave an update on the audit program and a verbal update on audit's desktop review of the Independent Commission Against Corruption's Paragon investigation involving Roads and Maritime Services employees. The Committee noted Council's practice to review recent ICAC reports to identify any improvements Council can implement. The 3 year plan was also discussed and the fraud and corruption maturity assessment.

Ms Aisling Kilgannon, Senior Manager, KPMG, provided an overview of a Fleet Audit.

OUTCOME

The Audit, Risk and Improvement Committee noted the report.

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

Sally Hall, Executive Manager Internal Audit & Complaints Resolution stated that complaints had followed the typical increase during December and January and drop off again by April.

Discussion also included substantiated v unsubstantiated (following investigation there is no evidence to support the complaint), trialling body cameras to help de-escalate situations.

Preparations for the new PID requirements were discussed with the identification of PID officers and training needs being identified.

COMMITTEE RESOLUTION

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

12.0 FEATURE TOPIC

12.1 ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM PROJECT UPDATE

NOTE 1: Aisling Kilgannon left the meeting due to a disclosure of interest

NOTE 2: David Castro Senior Project Manager joined the meeting for this item

PURPOSE

Council staff to present an update to the Committee on the Enterprise Resource Planning (ERP) System Project.

DISCUSSION

Jeff Smith, Director Corporate & Legal, provided a update on the ERP project. The Committee discussed the funding strategy, procurement strategy, risk management oversight of the project and resourcing arrangements. ARIC members also discussed mechanisms to ensure the Council is kept up to date on the significant project.

COMMITTEE RESOLUTION

That ARIC noted the update on the Enterprise Resource Planning (ERP) System Project.

13.0 GENERAL BUSINESS

13.1 AGENDA ITEMS FOR NEXT MEETING

PURPOSE

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

OUTCOME

The Committee noted the forward agenda for the September 2023 meeting.

14.0 NEXT MEETING

Tuesday 12 September 2023