

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

TUESDAY 12 SEPTEMBER 2023

Minutes of the Audit, Risk and Improvement Committee Meeting
held on Tuesday 12 September 2023
in the Flannel Flower, Civic Centre, Dee Why
Commencing at 2:02pm and concluding at 4:53pm

ATTENDANCE:

Voting Members of the Committee

Chair - Stephen Horne
Member - Mark McCoy
Member - Julie Walton
Member - Robert Lagaida
Member - Sarah Grattan

Guest

Mayor Sue Heins

Council Officers (non-voting)

Scott Phillips	Chief Executive Officer
Eskil Julliard	Acting Director Corporate & Legal
Mark Jones	Acting Director Workforce & Technology
Sally Hall	Executive Manager Internal Audit & Complaints Resolution
Sarah Dunstan	Executive Manager Governance & Risk
Aline Fernandes	Internal Auditor
Lesley Milbourne	Manager Governance

Visiting Staff

Amy Noakes	Executive Manager Human Resources (<i>Item 6.2</i>)
Glenn Quince	Team Leader WHS (<i>Item 6.2</i>)
Lisa Donohue	Workers Compensation Team Leader (<i>Item 6.2</i>)
Michael McDermid	Manager Corporate Strategy (<i>Item 7.1, 7.2, 7.3</i>)
Campbell Pfeiffer	Executive Manager Property (<i>Item 9.1</i>)
Caroline Foley	Executive Manager Financial Planning & Systems (<i>Item 10.1, 10.2</i>)
David Walsh	Chief Financial Officer (<i>Item 10.1, 10.2</i>)
Ben Fallowfield	Manager Coast & Catchments (<i>Item 12.1</i>)
Gareth Birch	Resilience & Emergency Management Coordinator (<i>Item 12.1</i>)

Table of Contents

1.0	APOLOGIES.....	4
2.0	DISCLOSURES OF INTEREST	4
3.0	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	4
4.0	ITEMS RESOLVED BY EXCEPTION	4
5.0	ACTION ITEMS FROM MINUTES	5
5.1	Action Items Update	5
6.0	STANDING ITEMS	5
6.1	Verbal Update from Chief Executive Officer	5
6.2	Safety, Wellbeing and Injury Management Report.....	6
7.0	IMPROVEMENT	6
7.1	Business Excellence and Continuous Improvement Programs Update.....	6
7.2	Benchmarking Program FY21/22 - Finances, Workforce and Operations.....	7
7.3	Annual Performance Report 2022/23	7
8.0	FRAUD AND RISK MANAGEMENT	8
8.1	Public Interest Disclosure Policy.....	8
9.0	SPECIAL AGENDA ITEMS	8
9.1	Lease and Licence Register	8
10.0	EXTERNAL AUDIT	9
10.1	NSW Auditor-General's Report on Local Government 2022	9
10.2	NSW Auditor-General's Performance Audit into financial management and governance in local government.....	9
11.0	INTERNAL AUDIT	10
11.1	Internal Audit Update Report	10
12.0	FEATURE TOPIC
12.1	Post incident review of March 2022 flood event.....	1111
13.0	GENERAL BUSINESS	11
13.1	Agenda items for next meeting.....	11
13.2	ARIC 2024 Proposed Meeting Dates.....	12
14.0	NEXT MEETING	12

1.0 APOLOGIES AND WELCOME

Apologies were received from Cr Crvelin and Susan Prichard (the NSW Audit Office).

The Chair welcomed Scott Phillips, Chief Executive Officer, and Robert Lagaida, new independent member to their first Northern Beaches Audit, Risk and Improvement Committee (ARIC) meeting.

2.0 DISCLOSURES OF INTEREST

Mark McCoy disclosed that he is a member of MidCoast Council's ARIC in relation to Item 10.2 Auditor-General's performance audit financial management and governance in local government as MidCoast Council features in this audit. Mark McCoy offered to leave the meeting for this item if requested.

The Chair, Stephen Horne advised that he has completed his term on the City of Ryde's ARIC.

Robert Lagaida and Scott Phillips noted that they both have been involved with Local Government Procurement, Robert as a director of the board (current) and Scott as an associate director (LG Procurement is a subsidiary of LGNSW, of which Scott was CEO before becoming CEO of Northern Beaches Council).

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 13 JUNE 2023

OUTCOME

That the minutes of the ARIC meeting held on 13 June 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

This purpose of this report is to provide the ARIC with a progress update on the actions arising from the minutes of previous meetings of the committee.

OUTCOME

The ARIC noted progress on actions arising from the minutes of previous meetings.

6.0 STANDING ITEMS

6.1 VERBAL UPDATE FROM CHIEF EXECUTIVE OFFICER

PURPOSE

The purpose of this report is to provide the ARIC with a brief update on current issues, particularly those relating to areas of potential risk for Council.

DISCUSSION

Scott Phillips, Chief Executive Officer (CEO) gave an update on a number of topics:

- His introduction to Council since starting in the role in July 2023
- His initial visits to nearly all staff locations and meetings with many community groups
- The resignation of Karen Twitchett, Director Workforce and Technology and the acting arrangements
- An update on the Enterprise Resource Planning (ERP) project
- Resourcing including a Chief Information Security Officer role

Eskil Julliard, A/Director Corporate and Legal provided an update on a Department of Premier and Cabinet audit noting the matter had been closed.

ACTION

Regular updates will be provided to the committee on the ERP project and cyber security.

OUTCOME

The ARIC noted the CEO's verbal update.

6.2 SAFETY, WELLBEING AND INJURY MANAGEMENT REPORT

PURPOSE

The purpose of this report is to provide the ARIC with an update on Work Health & Safety, Workers Compensation and Wellbeing during the period January 2023 to July 2023.

DISCUSSION

Amy Noakes, Executive Manager Human Resources, Glenn Quince, Team Leader WHS and Lisa Donohoe, Workers Compensation Team Leader joined the meeting.

Discussion included psychological injury claims, trends, forecasting and actions to build presence in the organisation about psychological safety and collecting data and metrics.

It was noted elements of this can be predicted by the broader, sometimes seasonal, societal context of inflation and interest rate rises, and may not be work related. Council continues to gather more data, for example via its engagement surveys (2 complete, next one in October), which will provide insight for better targeted mitigations and programs.

Future reports will report on proactive activities taken to deal with the trends and issues shown by the data.

ACTIONS

1. Information on Council's THRIVE program will be sent to Robert Lagaida.
2. The CEO's next verbal update will address Council's preparedness for data breaches, particularly in relation to third party contractors.

OUTCOME

The ARIC noted the update as of 12 September 2023.

7.0 IMPROVEMENT

7.1 BUSINESS EXCELLENCE AND CONTINUOUS IMPROVEMENT PROGRAMS UPDATE

PURPOSE

The purpose of this report is to provide the ARIC with an update on Council's continuous improvement program via its Business Excellence program, known as IGNITE – Inspiring Great New Ideas Towards Excellence (IGNITE).

DISCUSSION

Mark Jones, Acting Director Workforce & Technology gave an overview of Council's approach. An A3 version of the IGNITE register was distributed (A4 version in meeting papers).

The ARIC discussed the concept of maintaining the changes, sampling various areas to confirm the business is maintaining the improvements and making improvements sustainable.

ACTION

Council will report back to ARIC again early in 2024 and continue to enhance the reporting methodology, taking on board the committee's comments about assessing and demonstrating

sustainable, tangible improvements over the time of the program (potentially including qualitative data, eg staff experience) and how best to aggregate this data and present to Council.

OUTCOME

The ARIC noted the progress of Council's continuous improvement programs.

7.2 BENCHMARKING PROGRAM FY21/22 - FINANCES, WORKFORCE AND OPERATIONS

PURPOSE

The purpose of this report is to provide the ARIC with benchmarking results and trends for finance, workforce and operations.

DISCUSSION

Michael McDermid, Manager Corporate Performance talked to this item. There was discussion about finding reliable sources of data for local government benchmarking. Council continues to talk with the Office of Local Government (OLG) and other councils about this.

The committee noted the importance of this data to inform Council's activities, to create a data loop and reinforce the dynamics of continuous improvement. The committee also noted the impact of the COVID years on the data and trends we are now analysing. It will be important to assess the data in context (eg. asset renewal against depreciation) to articulate a meaningful story for Council.

ACTIONS

1. Future reports will include the reported median's range (highest and lowest) for the Councils measured.
 2. Mark Jones will provide information to the committee on Council's unscheduled leave balance.
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OUTCOME

The ARIC noted the performance results for the 2021/22 core benchmarking program on finance, workforce and operations.

7.3 ANNUAL PERFORMANCE REPORT 2022/23

PURPOSE

The purpose of this report is to provide the ARIC with an update on performance as of June 2023 against measures in Council's Operational Plan 2022/23.

DISCUSSION

The committee discussed the potential of this data to be shared more broadly with the community, to communicate the extent and outcomes of the work that Council does, including the possibility for some of this data to be included in Council responses to customer requests.

ACTION

Michael McDermid undertook to review the communication aspects in the upcoming report on Council's Annual Report which will be submitted to Council in November.

OUTCOME

The ARIC noted the report.

8.0 FRAUD AND RISK MANAGEMENT**8.1 PUBLIC INTEREST DISCLOSURE POLICY****PURPOSE**

The purpose of this report is to present a draft Public Interest Disclosure (PID) policy to the ARIC.

DISCUSSION

Sally Hall, Executive Manager Internal Audit and Complaints Resolution spoke to this item, advising that staff training is underway.

ACTION

The committee asked for a report back on implementation progress in 3-6 months.

OUTCOME

The ARIC noted the draft Public Interest Disclosure Policy will be reported to Council for adoption.

9.0 SPECIAL AGENDA ITEMS**9.1 LEASE AND LICENCE REGISTER****PURPOSE**

The purpose of this report is to present to the ARIC the Lease and Licence Register for the financial year ended 30 June 2023.

OUTCOME

The ARIC authorised publication of the Annual Public Lease and Licence Register, with all personal and sensitive information removed.

10.0 EXTERNAL AUDIT

10.1 NSW AUDITOR-GENERAL'S REPORT ON LOCAL GOVERNMENT 2022

PURPOSE

The purpose of this report is to consider the NSW Auditor-General's Report on Local Government 2022 for information and consideration.

DISCUSSION

The Chair noted that the findings require no action by Northern Beaches Council and the Audit Office has been complementary about Council's performance in financial management previously.

OUTCOME

The ARIC noted the Auditor-General's Report on Local Government 2022.

10.2 NSW AUDITOR-GENERAL'S PERFORMANCE AUDIT INTO FINANCIAL MANAGEMENT AND GOVERNANCE IN LOCAL GOVERNMENT

PURPOSE

The purpose of this report is to consider the findings of the recent NSW Auditor-General's audit on financial management and governance arrangements in local government in the context of Northern Beaches Council. A gap analysis has been undertaken to assess the recommendations against Northern Beaches Council's financial management arrangements.

DISCUSSION

The committee noted Mark McCoy could remain in the meeting for this item.

Caroline Foley, Executive Manager Financial Planning & Systems and David Walsh, Chief Financial Officer spoke to this item. In the spirit of continuous improvement, the report to the committee identifies where Council is continuing to improve.

OUTCOME

The ARIC noted the report on issues raised in the Auditor-General's June 2023 report on financial management and governance in local government, including the gap analysis undertaken for Northern Beaches Council.

11.0 INTERNAL AUDIT

11.1 INTERNAL AUDIT UPDATE REPORT

PURPOSE

The purpose of this report is to provide an update to the ARIC on all aspects of internal audit work since the last ARIC meeting.

DISCUSSION

Sally Hall, Executive Manager Internal Audit and Complaints Resolution spoke to this item. Discussion covered the audit program including the quantum of audits, business areas being audited in order to balance corporate versus operational audits and also consider the current program of service reviews underway. Sally Hall advised this will be taken into consideration for the next rolling internal audit plan which is being developed and will align to Council's risk profile.

ACTION

The committee asked that Council report back to the December meeting on the risks involved with extending the target implementation activity completion date for software licence management (Recommendations 1 & 2) to December 2025. Mark Jones will seek advice from the Chief Information Officer on the contract management systems being used to manage this.

OUTCOME

The ARIC:

1. Noted the status of the Internal Audit Plan and the Internal Audit Recommendation Status Tracker.
 2. Noted the outcomes of the following Internal Audits:
 - A. RMS audit
 - B. Councillor expenses audit
 - C. Governance follow-up audit
 - D. Regulations compliance audit
 - E. PCI DSS audit.
 3. Approved the extension of target implementation activity completion date for Councillor Expenses Audit Regulation Review – Environmental Compliance - Recommendation 2, to January 2024.
 4. Requested a further report (to the December meeting) on the risks involved with extending the target implementation activity completion date for software licence management (Recommendations 1 & 2) to December 2025.
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12.0 FEATURE TOPIC

12.1 POST INCIDENT REVIEW OF MARCH 2022 FLOOD EVENT

PURPOSE

The purpose of this report is to provide the ARIC a post-incident review and summary of subsequent actions following the March 2022 flood event.

DISCUSSION

Ben Fallowfield, Manager Coast & Catchments, and Gareth Birch, Resilience & Emergency Management Coordinator presented to the committee.

Discussion included response mechanisms and specific details of the flood event, levels of planning and future proofing infrastructure, expectations from the community for Council to provide welfare services during emergency responses and the role of the NSW Government including NSW Reconstruction Authority.

ACTION

In response to a question from the committee, Council will check the accounting treatment of flood claims made.

OUTCOME

The ARIC noted the report and commended the team on the work it has done and continues to do.

13.0 GENERAL BUSINESS

13.1 AGENDA ITEMS FOR NEXT MEETING

PURPOSE

The purpose of this report is to present to the ARIC the proposed agenda items for the next (December) meeting. An in-camera session is recommended to be held prior to the meeting.

ACTIONS

1. In the context of recent media about Sydney Metro's labour hire processes, Julie Walton asked how many labour hire contractors Council has and do they have any relationships with senior management. It was noted that all tenders over a certain value must be submitted to Council.

Council will provide a response on this to the committee.

2. In-camera session to be scheduled prior to the December meeting.

OUTCOME

The ARIC noted the proposed December 2023 meeting agenda.

13.2 ARIC 2024 PROPOSED MEETING DATES

PURPOSE

The purpose of this report is to seek adoption of the proposed ARIC meeting schedule for 2024.

ACTION

The Committee to discuss out of session suitable dates for the September 2024 meeting.

OUTCOME

The schedule will be confirmed out of session.

14.0 NEXT MEETING

Tuesday 11 October 2023 (Extraordinary)

Tuesday 12 December 2023

This is the final page of the Minutes comprising 12 pages numbered 1 to 12 of the Audit, Risk and Improvement Committee held on Tuesday 12 September 2023 and confirmed on Tuesday 12 December 2023