

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE

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

WEDNESDAY 13 MARCH 2024

Minutes of the Audit, Risk and Improvement Committee (ARIC)
held on Wednesday 13 March 2024
in the Flannel Flower, Civic Centre, Dee Why
Commencing at 2pm

ATTENDANCE:

Voting Members of the Committee

Chair Stephen Horne (Chair)
Member Mark McCoy
Member Julie Walton
Member Robert Lagaida
Member Cr Sarah Grattan

Apologies

Member Cr Bianca Crvelin

Council Officers (non-voting)

Scott Phillips	Chief Executive Officer
Eskil Julliard	Acting Director Corporate & Legal
Mark Jones	Acting Director Workforce & Technology
David Walsh	Chief Financial Officer
Caroline Foley	Executive Manager Financial Planning & Systems
Sally Hall	Executive Manager Internal Audit & Complaints Resolution
Amy Noakes	Executive Manager Human Resources <i>(item 6.2)</i>
Glen Quince	Team Leader – WHS <i>(item 6.2)</i>
Lisa Donohoe	Workers Compensation Team Leader <i>(item 6.2)</i>
Michael McDermid	A/Executive Manager Strategy & Performance <i>(item 7.1)</i>
Kristie Debney	A/Executive Manager Property <i>(item 11.1)</i>
Andrew Ward-Harvey	Executive Manager Waste Management & Cleansing <i>(item 9.1)</i>
Kristie Debney	A/Executive Manager Property <i>(item 9.1)</i>
Todd Dickinson	Director Environment & Climate Change <i>(item 9.1)</i>
Grant Tighe	Manager Construction & Maintenance <i>(item 7.1)</i>
Emily Carson	A/Executive Manager Transport & Civil Infrastructure <i>(item 7.1)</i>
Sarah Dunstan	Executive Manager Governance & Risk
Aline Fernandes	Internal Auditor
Lesley Milbourne	Manager Governance
Lauren Reti	Senior Advisor - Governance

Council Auditors (non-voting)

Hugh Wilson	Audit Leader Financial Audit, Audit Office of NSW
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Visitors (non-voting)

Cr Sue Heins	Mayor <i>(joined the meeting at 2:16pm and left at 4:33pm)</i>
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Quorum

A majority of voting committee members.

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1.0 APOLOGIES

Apologies were received from Cr Bianca Crvelin.

2.0 DISCLOSURES OF INTEREST

Mark McCoy disclosed a not significant pecuniary interest – he is a director and minority shareholder of both Forever Living and Forever Post in Vietnam.

Stephen Horne disclosed that he is now a member of the City of Sydney's Audit Risk and Improvement Committee (ARIC).

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF ARIC MEETING HELD ON 12 DECEMBER 2023

OUTCOME

That the minutes of the ARIC meeting held on 12 December 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

OUTCOME

No items were dealt with by exception.

5.0 ACTION ITEMS FROM MINUTES

5.1 ACTION ITEMS UPDATE

PURPOSE

The 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 ARIC and those actions completed since the previous meeting.

OUTCOME

The ARIC 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

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 advised that Councillors will attend a strategic planning workshop on 23 and 24 March. The Chair noted that this workshop and subsequent planning will be useful context for ARIC when developing its 4-year strategic workplan. This plan must be developed in consultation with the governing body, as required by the Office of Local Government's Guidelines for Risk Management and Internal Audit.

ACTIONS

Scott Phillips to provide feedback to ARIC on the strategic planning weekend outcomes in preparation for ARIC's discussions with the governing body on ARIC's 4-year strategic workplan.

Governance to facilitate consultation between the governing body and ARIC to inform the development of ARIC's 4-year strategic workplan.

OUTCOME

The ARIC noted the Chief Executive Officer's verbal update.

6.2 SAFETY, WELLBEING AND INJURY MANAGEMENT REPORT

PURPOSE

The purpose of this report is to provide ARIC with an update on Work Health & Safety, Workers Compensation and Wellbeing during the period July 2023 to December 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 claims, trends, metrics and forecasting as ARIC members shared their experiences, particularly regarding psycho-social risks and how organisations can design jobs and environments for better outcomes. The CEO reported that Council is preparing a discussion paper on flexible work and how such arrangements could work for Council given the complexity of such a workplace. The discussion paper will inform a position paper and consultation to help Council develop a workplace agreement by the end of the year.

ACTIONS

A report is to be provided to the ARIC on actions Council is taking to be proactive and preventive in managing psycho-social risks, reflective of the intent of the relevant legislation. The report should identify the hazards relevant to psycho-social risks and discuss actions Council is taking to be proactive in managing them.

OUTCOME

The ARIC noted the update on Work Health & Safety, Workers Compensation and Wellbeing as of 31 December 2023.

6.3 ENTERPRISE RESOURCE PLANNING PROJECT (ERP) UPDATE**PURPOSE**

The purpose of this report is to provide the ARIC with an update on Council's Enterprise Resource Planning Project (ERP).

DISCUSSION

Mark Jones, A/Director Workforce and Technology, spoke to the item, advising a new program director has been appointed and business unit subject matter experts and key personnel will be nominated soon. Following staff communications and a competition, the program has been renamed COSMO - Core Operating System Modernisation and Optimisation. Programming is now underway and the risk register is live.

ACTIONS

Mark Jones to confirm details of budget contingency and how the risks of running dual systems during the two-phase process will be managed.

A report is to be provided to the ARIC on the governance arrangements for the project. The Chair suggested asking Wollongong Council about their learnings during implementation of TechOne's OneCouncil.

OUTCOME

The ARIC noted the report.

7.0 IMPROVEMENT**7.1 SERVICE REVIEW - ROAD MAINTENANCE****PURPOSE**

The purpose of this report is to present the findings and recommendations of the Service Review of Road Maintenance. (Service 15 – Road and Transport Infrastructure).

DISCUSSION

Michael McDermid, A/Executive Manager, Strategy & Performance; Grant Tighe, Manager Construction & Maintenance; and Emily Carson, A/Executive Manager Transport & Civil Infrastructure attended for the discussion.

The ARIC members provided their observations on this report and the service review framework in the context of the upcoming Councillor strategy workshop and suggested Council may consider preparing a short report to the governing body on the review.

ACTIONS

That:

- A further report be prepared for ARIC to provide additional information on the service funding gap (renewal and maintenance) identified in the Roads Asset Management Plan, and how
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service and satisfaction levels with the service are expected to improve.

- Consideration be given to reviewing the Council's Service Review Framework including the objectives which guide the service review program.
- Consideration be given to how the outcome of service reviews can succinctly be communicated to Councillors.

OUTCOME

The ARIC noted the findings and recommendations of the Service Review for Road Maintenance.

9.0 SPECIAL AGENDA ITEMS

9.1 MANAGEMENT OF CONFLICTS OF INTERESTS - KIMBRIKI ENVIRONMENTAL ENTERPRISES

PURPOSE

The purpose of this report is to discuss how Council manages conflicts of interest that may arise in relation to Kimbriki Environmental Enterprises Pty Ltd.

DISCUSSION

Todd Dickinson, Director Environment & Sustainability; Kristie Debney, A/Executive Manager Property; and Andrew Ward-Harvey, Executive Manager Waste Management & Cleansing, attended for the discussion.

The ARIC thanked the team for an excellent paper.

ACTIONS

Nil

OUTCOME

That the ARIC note the report.

9.2 UPDATE ON WASTE CONTRACT NEGOTIATIONS

PURPOSE

The purpose of this report is to provide an update to the ARIC on direct negotiations with Council's waste collection contractor, URM Environmental Services Pty Ltd (URM).

Todd Dickinson, Director Environment & Sustainability; and Andrew Ward-Harvey, Executive Manager Waste Management & Cleansing, attended for the discussion.

ACTIONS

Nil

OUTCOME

The ARIC noted the information in the report.

10.0 EXTERNAL AUDIT

10.1 PLANNING FOR AUDIT OF 2023/24 FINANCIAL STATEMENTS

PURPOSE

The purpose of this report is to present the Audit Office of NSW's Annual Engagement Plan for the audit of Northern Beaches Council's financial statements for the period 1 July 2023 to 30 June 2024 to the ARIC.

DISCUSSION

Caroline Foley, Executive Manager Financial Planning and Systems and David Walsh, Chief Financial Officer joined the meeting.

Hugh Wilson, Council's Audit Office engagement manager, provided an overview of the audit plan.

Due to Council elections, Council's 2023/24 financial statements are expected to be presented as a draft to the ARIC the week before the audit begins in mid-September 2024.

ACTIONS

Nil

OUTCOME

That the ARIC note the Audit Office of NSW's Annual Engagement Plan for the audit of the financial statements for the period 1 July 2023 to 30 June 2024.

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 introduced the report.

Kristie Debney, A/Executive Manager Property attended regarding the small plant audit and building access management.

ACTIONS

Sally Hall will check with David Walsh about the process for validating ABNs – is validation done for each invoice or the company?

A report will be prepared for the ARIC's next meeting on the recommendations from the KPMG fraud and corruption risk assessment.

A report will be prepared for the ARIC's next meeting on how the key risks from the small plant audit are mitigated.

OUTCOME

The ARIC noted:

1. The status of the current 2023-24 and previous 2022-23 internal audit plans
 2. The status of internal audit recommendations and actions
 3. The update to the 2019 Fraud and Corruption Risk Assessment open actions
 4. The outcome of the CEO Expenses audit
 5. The recommendations of the Chief Executive Team, to manage the outcomes of the Small Plant audit, including management of other Council plant
 6. The development of the 4-year (2024-28) strategic internal audit plan.
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11.2 PUBLIC INTEREST DISCLOSURE POLICY - IMPLEMENTATION PROGRESS UPDATE

PURPOSE

The purpose of this report is to update the members of the ARIC on Council's implementation of the new requirements of the *Public Interest Disclosure (PID) Act 2022*.

DISCUSSION

Sally Hall, Executive Manager, Internal Audit & Complaints Resolution, spoke to the report.

ACTIONS

Nil.

OUTCOME

The ARIC noted the report on the implementation of the requirements of the *Public Interest Disclosure Act 2022*.

11.3 FRAUD AND CORRUPTION CONTROL POLICY

PURPOSE

The purpose of this report is to present the draft Fraud and Corruption Control Policy which is based on the Independent Commission Against Corruption's (ICAC's) Sample Fraud and Corruption Control Policy.

DISCUSSION

Sally Hall spoke to the report.

The ARIC provided input on the policy. It was noted the KPMG Fraud and corruption control risk assessment was reported to the December 2023 ARIC.

ACTIONS

NIL

OUTCOME

The ARIC noted the draft Fraud and Corruption Control Policy.

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 June 2024 meeting.

ACTIONS

Nil

OUTCOME

The ARIC noted the forward agenda for the June 2024 meeting.

The meeting closed at 4:38pm.

Committee members remained for an in-camera meeting with the Chief Executive Officer and Executive Manager Internal Audit and Complaints Resolution.

14.0 NEXT MEETING

Tuesday 11 June 2024