

MINUTES

AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING

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

TUESDAY 4 MARCH 2025

**Minutes of the Audit, Risk and Improvement Committee meeting
held on Tuesday 4 March 2025
in the Flannel Flower, Civic Centre, Dee Why
Commencing at 2:09 PM**

ATTENDANCE:

Members of the Committee

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

Council Officers (attendees)

Scott Phillips	Chief Executive Officer
Kelly Loveridge	Chief Operating Officer
Caroline Foley	Chief Financial Officer
Sally Hall	Executive Manager Internal Audit & Complaints Resolution
Aline Fernandes	Internal Auditor
Lesley Milbourne	Manager Governance
Sarah Dunstan	Executive Manager Governance & Risk
Jeremy Smith	Acting Director Environment & Open Space
Leanne Laughton	Executive Manager Environment & Resilience
Ben Fallowfield	Manager Resilience & Natural Hazards
Gareth Birch	Resilience & Emergency Management Coordinator
Michael Turner	Chief Information Officer
Amy Noakes	Executive Manager Human Resources
Glenn Quince	Team Leader WHS
Lisa Donohue	Workers Compensation Team Leader
Mark Jones	Executive Manager Strategy & Performance
Catherine Macfarlane	Manager Organisational Performance
Tracey Bennett	Program Manager Performance
Michelle Arrowsmith	Program Manager Performance
Kristie Debney	Executive Manager Property, Buildings & Beach Services

Council Auditors (non-voting)

Ms Susan Prichard	Director of Financial Audit Services, Audit Office of NSW - attended for all items except S1
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1.0 APOLOGIES

There were no apologies.

2.0 DISCLOSURES OF INTEREST

Robert Lagaida disclosed he is now the chair of the Blacktown City Audit, Risk and Improvement Committee (ARIC).

3.0 CONFIRMATION OF MINUTES

3.1 MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 3 DECEMBER 2024

OUTCOME

That the minutes of the ARIC meeting held on 3 December 2024, 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

The purpose of this report is to provide the ARIC with a progress update on the actions arising from minutes of previous ARIC meetings and those actions completed since the previous meeting.

ACTIONS

Re Item 6.1, point 2 - Governance will schedule consultation between the governing body and ARIC to inform development of ARIC's 4-year strategic workplan in May.

OUTCOME

That the ARIC note 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 provided an update on Council's resolution at its January 2025 meeting to seek a special rate variation with IPART.

The ARIC noted the memo provided prior to Council's decision, to offer some commentary on the proposal to apply for the SRV. The ARIC is mindful that it has a limited role in advising Council on any particular decision that Council might choose, and as such, its advice was deliberately limited to the issue of the relevance and sufficiency of materials and advice provided to Council by management to enable Council to be in a properly informed position from which to make an informed decision, and the reasonable interpretation and use of that information.

The CEO advised of a request from a Councillor about the level of detail in the ARIC minutes concerning financial matters. ARIC agreed that meeting minutes will explicitly document the outcome of discussions at ARIC meetings about Council's financial position and any perceived need for an SRV.

The CEO also raised a question from a Councillor about correspondence from members of the Northern Beaches Community apparently sent to the ARIC Chair about the SRV. The ARIC members noted it was outside the remit of their role to engage with the community on such matters and their usual practice was to refer any correspondence received directly from members of the community to Council.

Councillors resolved to hold a strategic planning weekend on 22 and 23 March at which the Community Strategic Plan and Delivery Plan will be considered. ARIC will consider the outcomes of this workshop when developing its 4-year plan.

An Expression of Interest is open until 14 March 2025 to fill the vacant independent member position.

ARIC noted that ICAC recently issued its report for Investigation into the awarding of Transport for NSW and Inner West Council contracts (Operation Hector). The Executive Manager Internal Audit & Complaints Management advised a report on relevant issues for Northern Beaches Council will be provided to ARIC at a future meeting.

ACTIONS

A report on relevant issues in ICAC's *Investigation into the awarding of Transport for NSW and Inner West Council contracts (Operation Hector)* will be provided to ARIC at a future meeting.

OUTCOME

That the ARIC note the Chief Executive Officer's verbal update.

NOTE: The order of business was changed and item 10 was moved forward.

10.0 SPECIAL AGENDA ITEM

10.1 SPECIAL INTEREST BRIEFING - CLIMATE CHANGE RISK ASSESSMENT AND ADAPTATION PLAN

PURPOSE

The purpose of this report is to provide the ARIC with an update on Council's draft Climate Change Risk Assessment (CCRA) and Climate Change Adaptation Plan (AP).

DISCUSSION

Jeremy Smith (A/Director, Environment & Open Space), Leanne Laughton (Executive Manager Environment & Resilience), Ben Fallowfield (Manager Resilience & Natural Hazards) and Gareth Birch (Resilience & Emergency Management Coordinator) attended.

Ben and Gareth explained Council's CCRA and AP. The scope for this project is essentially to better understand Council's climate risks to our assets, operations and services. Council has used the NSW government's Climate Risk Ready NSW Guide as a framework to drive the project. The framework provides tools to assess an organisation's maturity managing climate risk. The CCRA identified, assessed, and evaluated risks across a range of climate hazards. Risk ratings were assigned to these risks in accordance with Council's enterprise risk management (ERM) framework. Managing the risks will be embedded into Council's risk management processes and regular day-to-day operations.

The ARIC discussed the span of risks looking as far ahead as 20 to 100 years, and beyond. Significant work is underway to understand these risks using a range of modelling tools to quantify the risks and interconnections with Council's draft climate change policy and mechanisms such as planning controls. The ARIC noted Council is well engaged with the NSW Reconstruction Authority on disaster adaptation and mitigation plans.

The ARIC suggested consideration be given to reviewing contribution plan inclusions once Council has the adaptation plan.

The ARIC noted considerations such as emissions, waste and post-disaster cleanup (engagement with Kimbriki Environmental Enterprises and EPA), climate-related financial disclosure, community engagement, carbon offsets, community vs Council assets (the NSW Reconstruction Authority is working on this with councils and other agencies).

The ARIC thanked and congratulated the team on the important work being undertaken, noting that failure to invest in adaptation would have a significant impact on Council's ability to function. There is a significant financial impact and risk exposure when considered in the context of local government financial sustainability.

OUTCOME

That the ARIC note the information provided in the report and presentation.

6.2 ENTERPRISE RESOURCE PLANNING (ERP) - PROGRAM COSMO UPDATE

PURPOSE

The purpose of this report is to provide the ARIC an update on Council's Enterprise Resource Planning Project – Program COSMO.

DISCUSSION

Michael Turner provided members with an update that the project is progressing well. The importance of ensuring a smooth transition and addressing issues promptly was discussed. UAT1 was completed last week with a minimal 5% failure rate. A mix of configuration changes or small enhancements will be rolled into UAT2.

Program resourcing was discussed and ARIC noted a member of the KPMG team has taken on the program director role to ensure continuity in lead up to Go-Live of Release 1.

In response to a question from the Chair, Sue Pritchard advised the Audit Office (AO) is scheduled to review the project's systems implementation next year, according to the engagement plan. This work can be brought forward if requested. The COO will ask the AO to bring this work forward and to sign off on capitalisation of the project, and methodologies on data migration and pre and post transition reconciliations, which will be reported back to the ARIC

ACTIONS

The COO undertook to present the budget rephasing in a different format taking into account being a multi year program (including contingencies) and report improvements along the journey (for potential internal and external communication). The COO will ask the AO to bring forward its review of the project's systems implementation and to sign off on capitalisation of the project, and methodologies on data migration and pre and post transition reconciliations, which will be reported back to the ARIC.

OUTCOME

That the ARIC note the report.

6.3 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 July 2024 to December 2024.

DISCUSSION

Amy Noakes, Glenn Quince and Lisa Donohue attended and provided an overview of the report.

Amy undertook to look at lead indicators versus lag indicators as a mechanism to determine progress in minimising or preventing injuries.

Psychosocial safety was discussed as an area of current focus for all sectors. Initiatives to increase wellbeing and proactively prevent and minimise psychosocial injury need to be well documented and assessed to provide meaningful data on the value of the initiatives.

The ARIC thanked the team for a good report.

ACTIONS

Amy undertook to look at lead indicators, such as training, versus lag indicators, such as lost time injury statistics as a mechanism to determine progress in minimising or preventing injuries.

OUTCOME

That the ARIC note the update on Work Health Safety, Workers Compensation and Wellbeing as at 31 December 2024.

7.0 INTERNAL AUDIT**7.1 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 attended and gave an overview of the audit schedule, noting some further audits are being scoped.

The ARIC asked if Council could replicate the data analytics used in procurement data checks, to provide automated exception reporting. Sally undertook to look at this.

ACTIONS

Sally will liaise with the procurement team regarding data analytics.

OUTCOME

That the ARIC note:

1. The status of the 2024-25 internal audit plans.
 2. The outcomes of the internal audit reports completed.
 3. The status of audit recommendations and opportunities, generated in previous internal audits.
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8.0 IMPROVEMENT

8.1 NORTHERN BEACHES COUNCIL CONTINUOUS IMPROVEMENT PROGRAM UPDATE

PURPOSE

The purpose of this report is to provide the ARIC with an update on Council's continuous improvement program.

DISCUSSION

Mark Jones and Catherine McFarlane attended and provided an update that Council is on track with all the improvements reported.

The ARIC noted a particular value of the program is in the continual small improvements instigated at grassroots level. Staff know where improvements can be made; if the organisation addresses them, morale and function improve; if ignored they can become grievances.

The Ignite program is well embedded and as it deals with smaller improvements, it does not impact on COSMO. Larger scale improvements or service reviews have been planned around COSMO modules roll out..

OUTCOME

That the ARIC note the progress of Council's multifaceted continuous improvement program.

8.2 SERVICE REVIEW PROGRAM PROGRESS AND IMPLEMENTATION STATUS

PURPOSE

The purpose of this report is to provide an overview of Council's Service Review Program and progress on the implementation of the improvement recommendations identified from the completed service reviews.

DISCUSSION

Mark Jones and Michelle Arrowsmith attended.

The ARIC noted the value of the service review program to provide evidence on efficiencies and improvements achieved. Celebrating change and incorporating a staff narrative to share, understand and build on the change is valuable to build a culture of positive and continuous improvement. There is value in sharing this narrative with the community too.

OUTCOME

That the ARIC note the progress of Council's Service Review Program and implementation plans.

8.3 SERVICE REVIEW - INFORMATION ACCESS & PRIVACY

PURPOSE

The purpose of this report is to present the findings and recommendations from the service review of the Information Access and Privacy Service.

DISCUSSION

Mark Jones, Tracey Bennett and Michael Turner attended and with the COO, explained the structural changes proposed.

ACTIONS

Mark Jones welcomed the ARIC's feedback to include a risk assessment in all service review reports.

Kelly undertook to let the ARIC know the results of the self-assessment against the State Government Records Management Assessment Tool which Council completed.

OUTCOME

That the ARIC note the findings and recommendations of the service review for the Information Access & Privacy Service.

8.4 BEACH SERVICES - SERVICE REVIEW

PURPOSE

The purpose of this report is to present the findings and recommendations of the service review for Beach Services to the ARIC.

DISCUSSION

Kristie Debney and Michelle Arrowsmith attended.

Beach services are currently provided to 21 beaches in the local government area, by in-house and contract providers.

OUTCOME

That ARIC note the findings and recommendations of the Service Review for Beach Services.

11.0 EXTERNAL AUDIT

11.1 AUDIT OFFICE ANNUAL ENGAGEMENT PLAN 2025

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 2024 to 30 June 2025 to the ARIC.

DISCUSSION

Sue Pritchard presented the audit plan.

Caroline Foley attended and clarified the timing in the report - staff will present a draft paper to the ARIC and Sue Pritchard will speak to the interim audit, prior to the financial statements being submitted to Council.

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 2024 to 30 June 2025.

S.1 QUARTERLY REVIEW - DECEMBER 2024

PURPOSE

The purpose of this report is to provide the committee with a copy of the Quarterly Review – December 2024 report that was presented to Council at the 18 February 2025 ordinary meeting.

DISCUSSION

Caroline Foley attended.

The ARIC noted this was a well presented document; an observation was made that the additional trend graphs and analysis provided in ARIC reports could be beneficial to include in the reports to Council, although beyond the scope of the IP&R quarterly reporting requirements.

OUTCOME

That the Audit Risk and Improvement Committee note the report.

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 ordinary June 2025 meeting.

DISCUSSION

The ARIC requested that the draft budget be tabled at the next meeting.

ACTIONS

That the draft budget be an agenda item for the June 2025 agenda.

OUTCOME

That the ARIC discuss the proposed June 2025 agenda.

14.0 NEXT MEETING

Tuesday 10 June 2025

Meeting ended at 5:10pm